The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Serious Consequences Involved in Police Action on Terrorism

ARTICLES IN THIS ISSUE

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Higher Power Costs Due to Kailan's Capitulation to Japanese
Japanese Initiate New Propaganda Drive to Re-Establish U. S.-Nippon Friendship
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China's Birdmen Vs. Japan's Men-of-War . By Capt. P. S. Tan
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West China Becoming Mecca for Foreign Traders . . . . . By Hin Wong

SATURDAY, JULY 30, 1938 VOLUME 85, NUMBER 9

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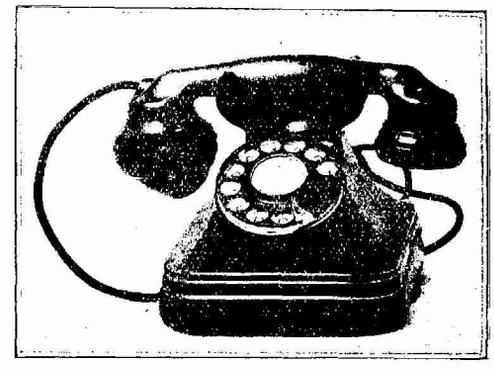

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MUNICIPAL COUNCIL'S SURRENDER TO THE JAPANESE ARMY

ARRESTED in the French Concession a fortnight ago with a hand-grenade concealed in his clothes, a Chinese was on Tuesday morning transferred by the Shanghai Municipal Police to the tender care of the Japanese Army's Special Service Section.

In handing the hapless man to the Japanese, the "City Fathers" have not only sent him to death but have also surrendered their police powers to the Nipponese "conquerors".

Moreover, foreign police officials here have let out broad hints during the week that other men, arrested in connection with the assassination of the officials of various puppet administrations, would also be handed over to the Japanese.

Last Tuesday's action was the greatest travesty upon justice ever witnessed in the long, checkered, and often unsavory history of this city.

Authority for the action was bestowed upon the Shanghai Municipal Police by the Municipal Council's proclamation of July, 19, in which this august body threatened expulsion from the Settlement to "any person found . . . in possession of arms or explosives without a permit from the Settlement authorities, or engaged in or connected with terrorist activities".

By this decree,—to reduce the situation to its elementals,—the Council empowered the *Japanese Army to execute Chinese patriots* making an attempt on the life of *other Chinese*, who, for one motive or another, had sold themselves for thirty silver shekels.

By its unprecedented action, undoubtedly caused by the Council's anxiety to placate the belligerent Japanese Army, the Council has arbitrarily appointed Japanese Gendarmes as the Supreme Court and the Chief Executioner and, simultaneously, made the possession of arms,—a simple felony,—a crime punishable by death.

Political terrorism is abhorent to the Occidental mind. Although occasionally practiced,—as witness Zangara's attempt on the life

of President Roosevelt or the assassination of Senator Mateotti in Italy and King Alexander of Yugoslavia in France,—it has invariably led to a wave of popular indignation which defeated the assassin's ends.

For this reason, the foreign community in Shanghai watched with sympathy the desperate battle waged by the S.M.C. and the F.M.C. against political gunmen. The foreign community here will, however, find it difficult to understand the logic that impels the Settlement authorities to hand to the Japanese a Chinese attacking his own co-nationals.

The very announcement of the Council's readiness to do so constituted an uncalled-for and an undesirable recognition of the wild Japanese claim to absolute authority over the lives and deaths of the "conquered" people. It is, moreover, a tacit recognition of the fabulously corrupt and inefficient puppet regimes set up in the Shanghai area by the Japanese Army.

Incredible as it may seem to a foreign mind, the Council, by its proclamation, has affirmed its belief that an attack on a crooked "Ta Tao" hireling is an attack upon the Japanese Army, and the offender must be handed over to the Army for punishment.

By this immature move, the foreign "City Fathers" have in effect given a pledge to cooperate with the invading military forces in hunting down Chinese patriots and groups resisting the rape of their country.

At a moment when the developments here call for a determined action in defense of foreign rights and prestige, the Council actually surrenders its police and punitive authority to the Japanese Army, which on its part has thus far done all in its power to hamper and obstruct the work of the foreign municipal authorities.

The Council cannot be so naive as to expect that the Japanese Army will grant a fair trial to men suspected of being opposed to the invasion of their country. Or that gunmen seized in the act of shooting a Dr. Herman Liu or another Chinese patriot, on orders from Japanese-paid masterminds, would not be immediately released to continue their useful work.

In Japan, uniformed assassins are looked upon as national heroes, on the ground that a crime committed for patriotic reasons is not a crime. The murderers of the old and feeble Premier Inukai have long ago been set free. Lieut.-Colonel Aikawa, a stupidly misguided fanatic who assassinated his superior officer for patriotic reasons, was given a ridiculously mild sentence after he had made a farce of the trials by his appeals for Showa Restoration.

But this respect for patriotic terrorism, in a Japanese military mind, applies to Japan alone. A mere suspicion of terroristic leanings in a Chinese is sufficient to lead to his horrible death at the hands of Nipponese executioners. Once the Settlement was a haven of refuge for those who harborde independent views. Today, by its so-called "conciliatory policy", the Council gives free rein to all Japanese-protected organs, cliques and individuals, who are fighting the National Government tooth and nail. To Chinese patriots it holds only the promise of death before a Japanese firing squad.

It also might be well to call attention—in the public interest—to the fact that the man who was handed over to the Japanese for execution, was actually arrested on July 7, three weeks ago, but no announcement whatever was made about the arrest. Even now, the public is still unaware of the man's name or antecedents. The authorities of the International Settlement, and this includes the Consular Body, presumably are interested in preventing the growth of communistic sentiment and activities among the millions of Chinese who reside here, many of whom are in destitute circumstances because of Japanese aggression. The action of the Council in handing the Chinese young man over to the Japanese Army probably has done more to foster bolshevist sentiment here than anything which has happened since the Nationalist Revolution in 1927.

The intemperate statement of an anonymous police official published in *The China Press* on Thursday of this week, (generally thought to be Major K. M. Bourne) was obviously issued as a result of the strong protest lodged with the British and American Governments by the Chinese Government over the police action in handing the Chinese youth over to the Japanese for execution.

What Major Bourne has failed to realize is that while the public generally agrees with him in disapproval of terrorism, there is, on the other hand practically 100 percent disapproval of the police action in handing the prisoners over *without public trial*, to the Japanese executioners. The action is illegal and unjust from every possible conception of Anglo-Saxon jurisprudence, as well as the agreement concerning the Provisional Court, and is contrary to the public pronouncements and officially declared policies of the British, American and French Governments which are chiefly concerned with the protection of the settlements.

Instead of discouraging acts of violence, Commissioner Bourne's declaration probably will make the situation worse and may have the effect, as a somewhat similar police action did in 1925, in turning Chinese animosities away from the Japanese toward the British and also possibly other foreigners. One would think there would be a sufficient number of Britons with memories reaching back to 1925, who could warn Major Borne regarding the dangers of his present course!

HIGHER POWER COST DUE TO KAILAN'S CAPITULATION TO JAPANESE

NONE of the foreign newspapers in Shanghai had sufficient courage to call attention to one of the principal reasons for the surcharge of appoximately 25 per cent which is to be made on all charges for electric and power service, beginning on August 1. Reports in the local newspapers also indicate that similar surcharges are to made on all bills for water and gas services. It also is likely that increased charges will be made for travel on tramcars as the company is dependent upon the Shanghai Power Company for electric power. Whether the public utilities in the French Concession will also increase their rates, was not known as these paragraphs were written.

According to the official notification issued by the Municipal Council of the International Settlement on July 22 the increase in rates is due to two causes, depreciation in currency and increased price of coal.

But the sinister element in the situation from the standpoint of industries which constitute the life-blood of this city, is the admission in the Municipal report that it is now necessary for the Shanghai Power Company, chief user of coal, to go to British India and Australia for new supplies of fuel at an increased cost of 41 percent over the previous prices for coal supplied by the Kailan Mining Administration.

Shanghai's chief source of coal supplies in the past has been the mines located in the district between Tientsin and Chinwangtao, chiefly in the vicinity of Tongshan, Kaiping and Lwanchow. These mines, most important developed coal properties in China, were originally exploited by Herbert Hoover, young American mining engineer, who came to China at the time of the Boxer Rebellion and was employed as an adviser by the Chihli provincial mining bureau. Fearing Japanese or Russian seizure of the mines, the Chinese authorities authorized young Hoover to proceed abroad and obtain capital for the development of the properties. The result was the organization of the Kailan Mining Administration, a British corporation which soon was able to monopolize the coal production of this rich region.

Due to low-priced labor and cheap transportation, chiefly by sea, Kailan coal was chiefly responsible for the phenomenal industrial development along the China coast—Shanghai, Nantung, Wusih, Tsingtao, Tientsin. True, other sources of coal were developed in Shantung and Central China, but none could compete with the British-controlled Kailan.

The Kailan Administration, due to its ruthless methods in dealing with Chinese labor (the manager in his annual report once referred to a loss of a number of mules resulting from an explosion, but failed to mention a number of laborers who were killed at the same time) was never popular and this unpopularity was even reflected in attacks on Herbert Hoover, who later became prominent politically in the United States.

One imagines that this Chinese antagonism toward Kailan will now be greatly accentuated due to its recent deals with the Japanese which obviously will be seriously detrimental to the industries of Shanghai, foreign as well as Chinese. The Company has violated a universally recognized principle of business, that old customers should receieve first consideration. It has been the Shanghai demand for coal which made Kailan profitable. But this apparently was of little concern to Major J. E. Nathan, who, at the first sign of trouble, rushed off to Japan to sell most of his production to Japanese war industries in order that they may be better able to supply Japan's armies with materials for the conquest of China. Col. Nathan will of course, answer the charge that had he not sold his coal to Japan, the Japanese warlords might have seized his properties. Better for China, and better for Britain in her future relations with the Chinese people, if Col. Nathan had closed down Kailan completely. But the demands for dividends had to be met, even though, this important Chinese product had to be turned against the Chinese people!

The unfortunate Chinese coal miners, sensing the dire implications of Col. Nathans deal with the Japanese "robber barons," staged a futile strike which was finally settled by the Japanese Army which sent a regiment to Tongshan and forced the miners to return to work at the muzzles of machine-guns.

That the situation concerning the Kailan deal with the Japanese is well understood abroad was indicated in an article on the subject which appeared in the June 15 issue of the Far Eastern Survey, fortnightly publication of the American Council, Institute of Pacific Relations. The article was headed, "British-Owned Kailan Mines Play Ball with Japanese," and was to the following effect :

"The Kailan Mining Administration, in the founding of which Herbert Hoover played a leading role back in the days of the Boxer Rebellion, is the outstanding foreign enterprise in North China. Because of its prominence, its position has been followed with interest as an indication of the probable status of other foreign interests in the region. Would Japan take it over or would the English management come to terms with the Japanese ?

"Rumors were current for some time of a change in control. In the early months of this year, the reports were that Japanese interests. including Mitsui, Mitsubishi and others, were to take over the mines. There was apparently no basis for these reports, for in March Major J. E. Nathan, general manager of the mines, visited Japan and reached an agreement with S. Nakamatsu, managing director of the Japan Iron Manufacturing Co., for larger shipments of Kaiping coal to Japan. For the current fiscal year ending March 31, 1939, Kailan is to ship 1,700,000 tons of coal to Japan, an increase of 350,000 tons over the previous year. In order to handle these larger shipments, a new sales company is to be formed to replace the former Kaiping Coal Sales Co. (Kaiping is the name of one of the constituent companies of the Kailan Mining Administration.) The new organization is to be capitalized at Y2,000,000 and will have a different group of stock-holders than the old company. The principal investor will be the Japan Iron Manufacturing Co., which is the largest user of Kaiping coal in Japan. Other large users, such as the Japan Steel Tubing Co., Tokyo Gas Co., Japan Chemical Industry Co. and others, are also to be represented. The new company is to have the exclusive sales right of Kaiping coal in Japan, Manchkuo and North China.

"At the time this agreement was made, it was said that Kailan was planning an expansion program in order to take care of the increased Japanese demand. It was reported that Nathan would soon visit England to raise money for the scheme. There has been no definite information on this point, but it indicates a possible avenue for the flow of British capital to North China. Developments in this direction will be watched with interest, for the status of the Open Door in North China. despite Japanese assurances, is open to some doubt. With rumors of an oil monopoly and a tobacco monopoly, and with Japanese control of the wool trade and other developments adverse to foreign interests, many fear that North China may become a second Manchukuo.

"After making this agreement with Japan, Nathan had to hurry back to deal with a serious strike at the Kailan mines. These labor disturbances were evidently quite widespread and accompanied by some violence. Dispatches spoke of armed bodies of strikers occupying several villages and the power plant at Linsi and seizing several company officials as hostages. The mines were closed down for some time as the result of the strike and a shortage of coal for railways and domestic use in North China developed. After several weeks duration, the strike was ended by the intercession of the Japanese Army.

"The agreement with the Kailan Mining Administration is important on the Japanese side because they have so far done very little toward the development of the coal resources of North China. The Kailan Mines are the largest in North China and the most accessible. The Tatung and Chinghsing mines are rich, but are handicapped by poor transportation facilities; while the mines in Shantung have been damaged. Kailan coal is excellent for metallurgical purposes. The increased shipments of Kailan coal provided in the new agreement will therefore be very useful to the iron and steel industry in Japan which depends upon foreign sources of coking coal."

Japanese Initiate New Propaganda Drive to Re-Establish U. S.-Nippon Friendship

THE Japanese authorities, acting on the principle that "future world peace depends largely on American-Japanese amity," have launched a new society to be known as the Japan-American Mutual Aims Alliance. According to an article in the newspaper *Chugai Shogyo Shimpo*, the name of the new hands-across-the-sea organization will be the "Japanese-American Society of Fellow-Thinkers," but regardless of the name the purpose of the new propaganda movement is to obtain American consent and recognition of the "new situation in Asia," which is expected to prevail "after the Japanese occupation of Hankow."

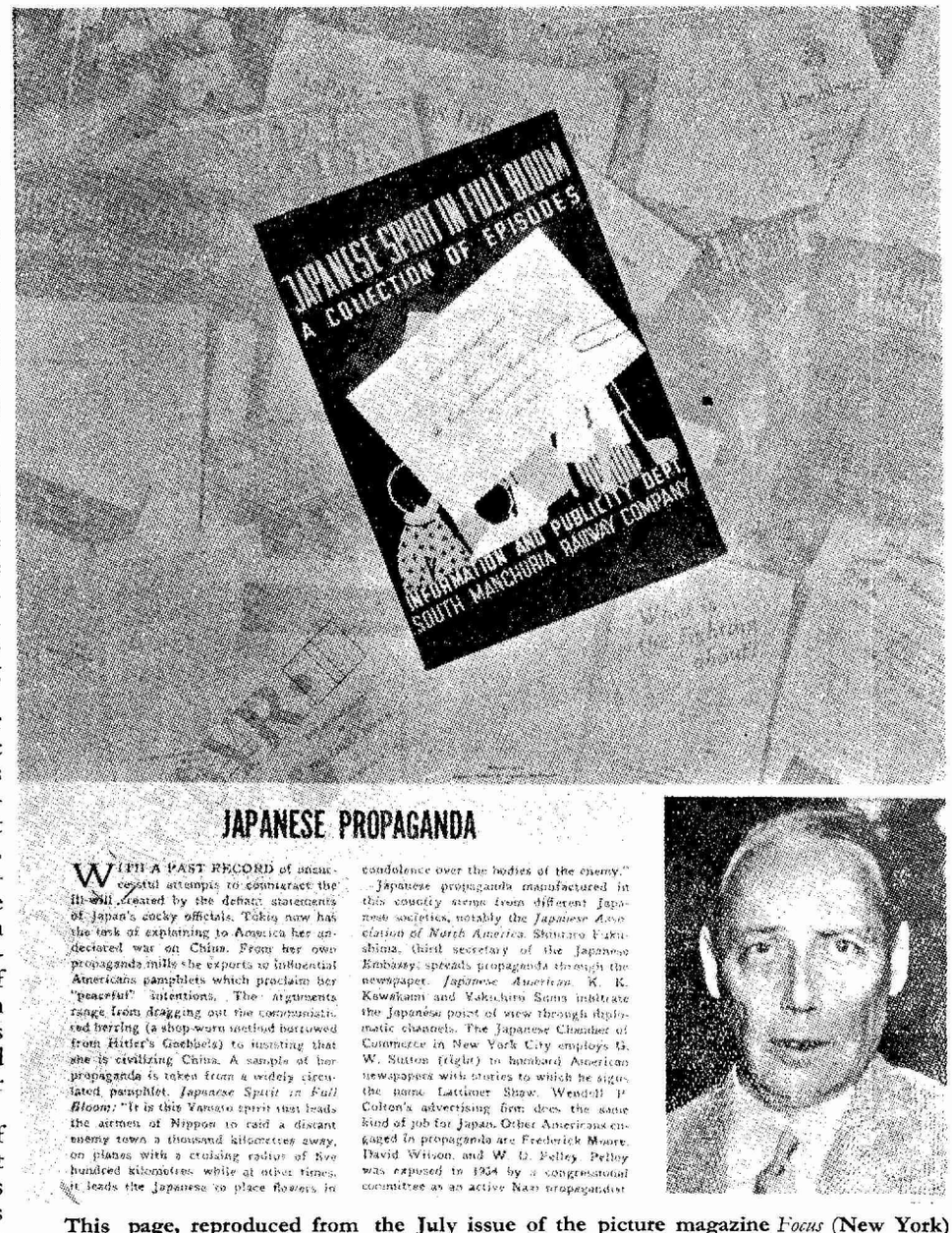
The movement, according to articles in the English-language papers, *Japan Advertiser* and *Japan Times*, is being instigated by Hidejiro Nagata, member of the House of Peers, and Takeo Miki and Ryo Iwase, members of the House of Representatives. Miki and Iwase were instrumental last February in staging in Hibiya Park a "public rally on American friendship," which was attended by some 10,000 people, the purpose being to take the edge off American animosities over the sinking of the U. S. S. Panay by Japanese airbombers on the Yangtsze near Nanking in the preceding December.

Recently there was another flare-up in American public opinion over the continuous bombings and slaughter of civilians by Japanese airmen at Canton and elsewhere in China. In addition there was the demand of Secretary of State Cordell Hull for the evacuation of American properties by Japanese soldiers and the removal of restrictions against American businessmen and missionaries returning to their homes and places of business at interior points.

But an even greater cause of concern in Japan, was the recent indication that the United States might depart from its previous neutrality status and adopt a policy of active intervention. A dispatch from New York published in the *Osaka Mainichi* on July 13, summing up American sentiment on the anniversary of the outbreak, gave Japan's intellectual leaders a serious shock. The dispatch, written by the *Mainichi's* correspondent, said that American sentiment was overwhelmingly sympathetic toward the Chinese Kuomintang Government; that the amicable settlement of the Panay incident had not led to improvement in feeling toward Japan; that it had become evident that the under-current of American reaction to Japanese military activities is of more serious nature than has been generally assumed by the Japanese people and could not be dismissed as the "usual American sympathy for the underdog."

The Japanese correspondent, Fukuichi Fukumoto' said that the feeling toward Japan was such that there was no possible question of Japan's negotiating for credits or loans. Public opinion toward Japan, which had prevailed even before the Panay bombing, had again become excited over reports of large casualties among civilians resulting from the Canton bombings. As a result Secretary Hull had advised airplane manufacturers to cease selling planes to Japan.

Also, and this was regarded as highly detrimental to Japan's efforts to propagandize Americans in future, were the general refusals of publishers to undertake production of books whose contents were favorable to Japan. Furthermore, theater managers had generally closed the doors of their houses to Japanese musicians and dancers, and Japanese merchants at Coney Island even, "were having a hard time of it." A further indication of mounting anti-Japanese sentiment in the United States was the almost unanimous refusal of


JAPANESE SPIRIT IN FULL BLOOM
A COLLECTION OF EPISODES
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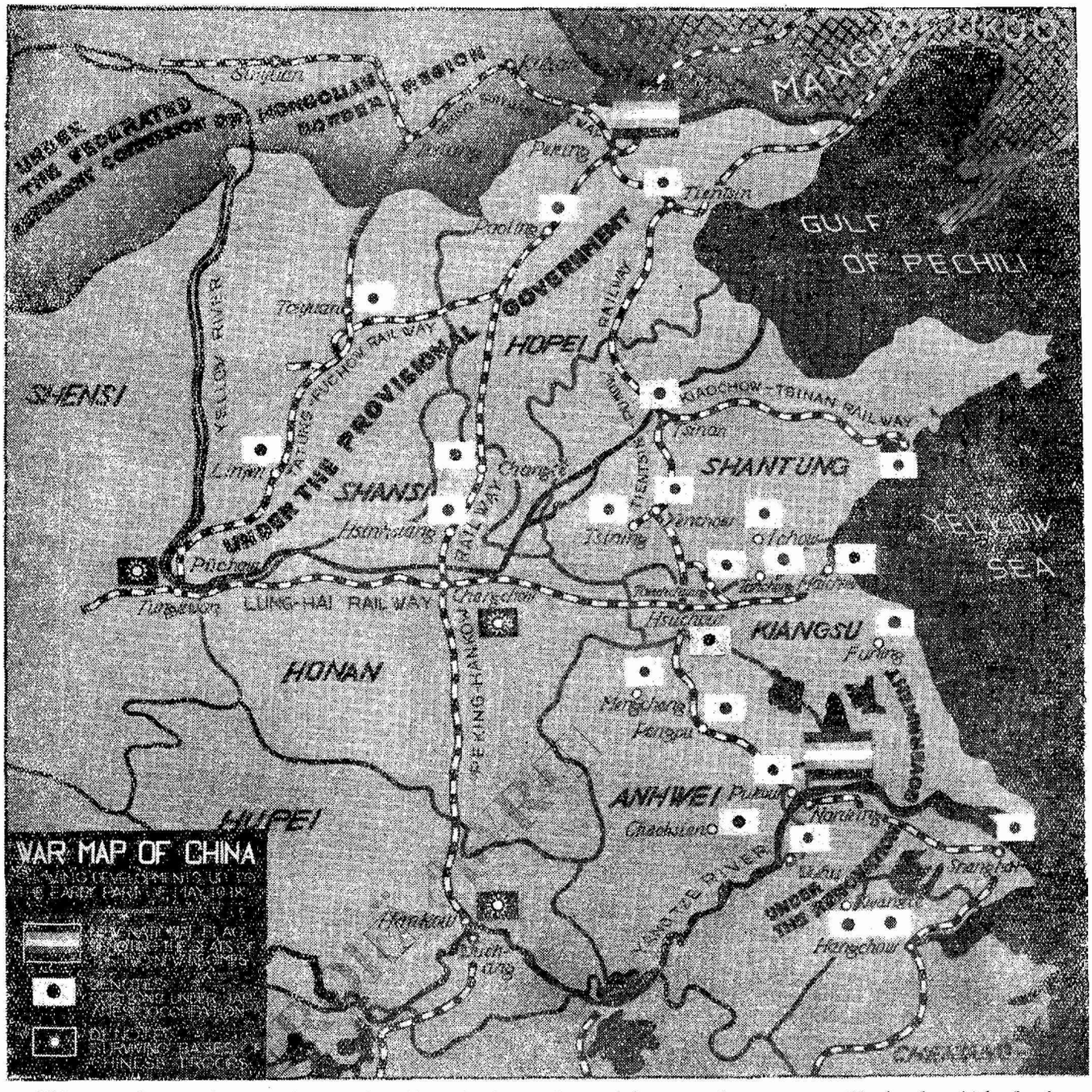
JAPANESE PROPAGANDA
WITH A PAST RECORD of unsuccessful attempts to counteract the ill-will created by the defiant statements of Japan's cocky officials, Tokio now has the task of explaining to America her undeclared war on China. From her own propaganda mills she exports to influential Americans pamphlets which proclaim her "peaceful" intentions. The arguments range from dragging out the communistic red herring (a shop-worn method borrowed from Hitler's Goebbels) to insisting that she is civilizing China. A sample of her propaganda is taken from a widely circulated pamphlet, *Japanese Spirit in Full Bloom:* "It is this Yamato spirit that leads the airmen of Nippon to raid a distant enemy town a thousand kilometres away, on planes with a cruising radius of five hundred kilometres while at other times, it leads the Japanese to place flowers in condolence over the bodies of the enemy."
Japanese propaganda manufactured in this country stems from different Japanese societies, notably the *Japanese Association of North America*. Shintaro Fukushima, third secretary of the Japanese Embassy, spreads propaganda through the newspaper, *Japanese American*. K. K. Kawakami and Yakichiro Soma infiltrate the Japanese point of view through diplomatic channels. The Japanese Chamber of Commerce in New York City employs G. W. Sutton (right) to bombard American newspapers with stories to which he signs the name Lattimer Shaw. Wendell P. Colton's advertising firm does the same kind of job for Japan. Other Americans engaged in propaganda are Frederick Moore, David Wilson, and W. D. Pelley. Pelley was exposed in 1934 by a congressional committee as an active Nazi propagandist

This page, reproduced from the July issue of the picture magazine *Focus* (New York) was part of a general expose of Japanese propaganda designed to influence Americans on the Sino-Japanese issue. The main article was entitled, "Japan's Shadow Over the U. S."

JAPANESE WAR MAP FOR AMERICAN AND EUROPEAN READERS



This map, showing Japanese flags on the Chinese landscape, but omitting any reference to guerilla bands which dominate the countryside off the railways, was published in a propaganda supplement, "Asahigraph," issued by the *Asahi*, Tokyo. (Published in June).

American college and university athletic directors and boards to send athletes to Japan to participate in the Olympic Games scheduled for Tokyo in 1940.

While the new fellowship society had not, at latest reports, selected a permanent chairman, it had decided to send two delegates to the United States immediately, representing the House of Peers and House of Representatives. These delegates were authorized to conduct a propaganda campaign among members of Congress. Takeo Miki, one of the promoters of the movement was quoted in the *Chugai* as saying, "As a rule Americans are satisfied with frank talking, but they don't like clumsy concealment."

A further cause of serious anxiety in Japan was a report from Washington (July 6) quoting Secretary Cordell Hull as declaring that American claims for compensation for losses in China, "should be disposed of in accordance with International Law," This declaration was made in response to a Japanese suggestion or "feeler" that China should be required to pay all claims for losses resulting from the China Incident. The report in the *Asahi* indicated that Secretary Hull's statement had caused consternation in Japan because it was interpreted as meaning that the United States held Japan responsible for starting the war; hence Japan would be held responsible for compensating Americans for all losses, even those caused by the Chinese army.

The fact that the subject of Japan's responsibility for compensating Americans for losses had already been taken up with Foreign Minister General Kasushige Ugaki, by the American Ambassador Joseph G. Grew, was sufficient to send cold shivers down the spines of Japan's military and civilian leaders who were generally regarded as ring-leaders in the original plot which precipitated the hostilities.

The present efforts of certain Japanese individuals, with obvious official backing, to initiate a new propaganda drive to improve Japanese-American relations will prob-

ably have little more effect than previous moves in the same direction, so long as there is no fundamental change in Japanese policy which was responsible for the original estrangement.

Immediately following the Manchurian incident in September, 1931, and the ensuing Japanese intervention and bloody battle of Shanghai in February, 1932, there was a serious flare-up in American public opinion and the Japanese immediately dispatched Henry Kinney, an American propagandist connected with the South Manchuria Railway to the U.S. with instructions to do what he could to explain the situation to the American people. After Kinney had been in the U.S. for a few weeks he wrote a report on the status of American opinion which was sent to Kinney's superiors in the South Manchurian Railway office in Tokyo and Dairen. This report fell into the hands of an American editor who published it in his magazine. It created a sensation because it contained a fairly complete list of American and Canadian magazine writers and publicists in the U.S. who were regarded as "friendly to Japan." Among those on Kinney's list was the writer and lecturer George E. Sokolsky of New York.

Recently there have been some even more interesting exposures of Japanese propaganda and espionage activities in the U.S. According to the July issue of the picture magazine, *Focus*, the Japanese are now relying on the cooperation of Hitler's and Mussolini's agents in the U.S. through an understanding reached on the Rome-Berlin-Tokyo Pact. Two such named, Johanna Hoffman and Gunther Rumrich, were recently arrested for attempting to export secret military documents. In the matter of Japanese propaganda in the U.S. the language difficulty makes it necessary for Japan to employ a considerable number of Americans or Europeans.

There is shown in connection with this article, a specimen page on the subject of Japanese propaganda which was published in the picture magazine, *Focus*. The accompanying article stated Tokyo now has the task of explaining to America her undeclared war on China. From her own propaganda mills she exports to influential Americans a never-ending stream of pamphlets which proclaim her peaceful intentions. The arguments range from the Communistic red herring (a shopworn subject borrowed from Hitler's Goebbels) to insisting that the Japanese Army is civilizing China. A sample of the propaganda is taken from a widely circulated pamphlet, *Japanese Spirit in Full Bloom*. "It is this Yamato spirit that leads the airmen of Nippon to raid a distant enemy town a thousand kilometers away on planes with a cruising radius of only 500 kilometers, while at other times, it leads the Japanese to place flowers in condolence over the bodies of the enemy."

Japanese propaganda produced in the U.S. is usually issued in the name of Japanese associations or Chambers of Commerce which not only employ propagandists but also have on their payroll lecturers and legal advisers.

Leading Japanese organizations which issue propangada literature are the Japanese Association of North America and the Japanese Chamber of Commerce in New York. Press relations of the Japanese Embassy in Washington are handled by Shintaro Fukushima, Third Secretary of the Embassy and Yakichiro Suma, former Counselor and Charge Affaires of the Japanese Embassy in Nanking. It was significant that the Tokyo Foreign Office sent Suma to Washington immediately after the Chinese government appointed Dr. C. T. Wang, Ambassador to the U.S. An oldtime potent Japanese propagandist in America is K. K. Kawakimi, whose name is well known in most newspaper offices. Kawakimi can always be depended upon to turn up with an article explaining the Japanese point of view on every troublesome subject that comes up between his country and the U.S.

There is, of course, no valid objection to this type of propaganda provided it is labeled as such coming directly from Japanese sources.

But the same cannot be said regarding another type of Japanese propaganda which is not so labeled. It is put out by Americans or Europeans who are known to be in the employ of the Japanese Foreign or War offices. Among them are two or three former employees of departments of the U.S. government, according to the picture magazine, *Focus*. G. W. Sutton, whose picture is shown herewith, is employed by the Japanese Chamber of Commerce, New York. He constantly bombards newspaper offices with stories to which he signs the name, Lattimer Shaw.

The Wendell P. Colton Advertising Agency in New York performs a similar job for Japan. Other Americans involved in Japanese propaganda of one form or another are Frederick Moore, David Wilson and W. E. Pelley. Pelley was exposed in 1934 by a Congressional Committee as an active Nazi propagandist.

The April 7th issue of the new Chicago magazine, *Ken*, contained (page 122) an interesting article entitled "Label for Propaganda." The introductory paragraph declared that no democracy should try to suppress foreign propaganda because it could not be stopped without limiting the freedom of the press which is the great safety valve of the pressure of discontent. But as the citizens of democracy have a right to read anybody's opinions, they also have a right to know whose opinions they are reading. The article constituted the most complete expose of Japanese propaganda in the U.S. which has yet appeared. The first paragraphs read as follows:

> "In a room in the Graybar Building in New York sits a man putting the finishing touches to an article defending Japan's still undeclared war in China. There is nothing wrong with this activity. Every American citizen has a right to express his point of view and we are not yet at war with Japan. But strangely enough, this article is written under the name of the Mikado's Ambassador to the United States, the Honorable Mr. Saito. No, the man in the Graybar Building is not a Japanese. He is an American citized associated with the firm of Wendell P. Colton, New York advertising house. Despite the fact that he is not a literary agent engaged in marketing material, he contacts American editors to place pro-Japanese articles. Weeks later, articles by Mr. Saito appear in American magazines. On February 17 the Colton firm orders several thousand copies of one magazine on behalf of Mr. Saito. As this is written they are in the mail going all over the U. S.

Further along the article referred to a clever publicity stunt which was connected with an address delivered by Ambassador Saito. It was explained that most Americans probably thought it was an accident that the program over which Ambassador Saito spoke had Joseph Israels for its publicity man. Israels had previously served as war correspondent in Ethiopia and also had served as paid public relations counsel for Emperor Haile Selassie. But there was a backfire to Mr. Saito's program because it came very near to being an open breach of diplomatic law. The State Department issued a warning against a recurrence.

But as the article stated, Japanese propaganda "marches on." Even before the Panay incident Japanese had launched an intensive undercover campaign to woo American public opinion. Following the sinking of the Panay the Japanese propaganda mill was geared to top speed. A Japanese named Shintaro Fukushima, attached to the Japanese Consulate General in New York is supposed to be a director of propaganda activities. His name seldom appears in any newspaper but he is supposed to be one of Nippon's No. 1 experts on Anglo-Saxon relations. He floods the American mail with copies of the English edition of the *Japanese-American*, a propaganda journal printed without any identification marks. It is published at 216 East 49th Street, New York. The woman who supervises the distribution from this office was identified as an agent of an American Fascist organization known as the Silver Shirts. Another mysterious publication supposed to have Japanese inspiration referred

to in the article is known as the *Pamphleteer*. References have also appeared regarding the activities of one William Dudley Pelley, referred to in the foregoing. Pelley was once a manufacturer of toilet paper and later was engaged in spiritualistic activities. He then turned propagandist for the Japanese and Nazis. His publication known as *Liberation* claims to "stand foursquare behind Japan." His magazine carries dissertations on such subjects as "How Insulting Japan Does Our Nation More Injury" and "Don't Forget that America must Finally Deal with a Victorious Japan." Another favorite subject of Pelley's is "Japan is Waging the Fight for Christendom in the Orient."

Another Japanese propaganda publication was entitled "What's the Fighting About." It was traced to the Japanese Chamber of Commerce in New York. The Sutton News Agency, was, according to the article "caught redhanded spreading Japanese propaganda and being well paid for their trouble."

Ralph Townsend, former U. S. vice-consul in China who wrote the book, "Ways that Are Dark," is also an energetic advocate of the Japanese point of view. His activities as writer, lecturer and radio broadcaster are largely confined to the Pacific coast states.

Radio broadcasting and lecturing in recent years have provided lucrative employment for newspapermen and others who have capitalized on the thirst of Americans, particularly women, for first-hand information about international affairs. Most lecturers, including newspapermen who have actually been at the "front" try to give a correct, balanced and honest picture of conditions in foreign lands, but it recently has been disclosed that some lecturers, while posing as dispensers of firsthand impartial information, have been found to be "paid advocates," receiving secret subsidies from foreign governments. It is obvious that the Japanese have not overlooked this potent method of influencing American public opinion. In some cases lecturers, including college professors and journalists, have been provided with free trips from San Francisco or Seattle to Japan and from Japan to Manchukuo, and thence back to the United States well saturated with the Japanese point of view. In one instance several years ago the South Manchuria Railway gave members of a touring party of influential Americans, a gift of U. S. $2,000 each to be used in purchasing "curios," while traveling in Japan.

"Japan Must Crush European and American Opposition, Establish Firm Control Over Shanghai!"

DR. KEN-ICHI Abe, financial-economic editor of the *Osaka Mainichi*, whose declaration that Japan must "destroy the headquarters of international imperialistic exploitation at Shanghai and take over the control of the city," was referred to in last week's issue of *The Review*, has continued his jingoistic writings in the Osaka paper.

Elaborating on his theme, Dr. Abe emphasized that Japan's China policy must be centered at Shanghai, which city is likened to the center, or pivotal point of a fan. Actually, the city of Shanghai is the "thorniest" point in the entire China situation from the standpoint of Japan's future plans. But while it constitutes the most difficult problem for Japan, it is the most important and must be given closest attention.

While the attitude of the European and American nationals at Shanghai has recently become more favorable toward Japan, the Japanese must be on their guard and accept their advances guardedly, "otherwise they will meddle in Japan's efforts at reconstruction or they will promote negotiations for a truce with the Hankow Government that might be favorable to the foreigners' position.

Dr. Abe explained to the readers of his column in the Osaka newspaper that of all the people with whom he came in contact on his tour of China, the Mongolians have proved easiest to manage by the Japanese Army. Peace is being maintained in Mongolia with little difficulty, due partly to the fact that while the area is one and a half times larger than Japan, it only has a population of some 7,000,000 people. He said that the rich resources in Mongolia consisting of coal, iron, salt and a great sheep and wool industry have an added advantage in that they are "not bound up with foreign capital—hence there are few obstacles to Japan's political and economic exploitation of the land, its resources and people."

But conditions in North China, according to Dr. Abe, are entirely different. Hostilities are still continuing in that region. The population numbers between 80 and 90 millions and is greatly different from the people of Mongolia. "There are many haughty people in North China and the relations of that section with Western countries are highly complicated."

Japan's success in taking over the Customs Administration at Tientsin, had the effect of greatly enhancing Nippon's prestige in the eyes of many Chinese because few thought that Japan would have the courage to take the action.

Dr. Abe then made the significant declaration that by "crushing the strongest and most unlawful power in China would be the shortest cut to winning over the Chinese."

Joining in the chauvanistic chorus led by the Osaka editor, other Japanese writers in other papers, particularly the *Asahi Shimbun*, discussed Japan's plans for the establishment of a new peace system in Eastern Asia in accordance with the new "axis" ideology in Europe, except here the axis would be provided by the Japan-China-Manchukuo bloc. Japan should take hold of things in positive fashion and manage the affairs of the Continent as a national enterprise.

In the 20 years, following the World War, the peace machinery in East Asia was dominated largely by the 1921-1922 Washington Nine-Power Treaty concerning China which guaranteed the independence, territorial integrity and the open door of the counrty. The Treaty also restrained the Powers from establishing spheres of influence and also provided for sanctions against aggressors. The editorial writer in the *Asahi* demanded that this peace system should be scrapped because it was designed to prevent Japan from invading China and taking advantage of Europe's exhaustion following the great war. The Treaty should be liquidated and a larger "peace confederation" created on the basis of a Japan-China-Manchukuo "axis."

Continuing, the editorial in the *Asahi* pointed out that Japan's continental policy should be revised along with the abolition of the existing peace machinery. By virtue of the Manchurian and China "incidents" Japan has embarked upon a new era of continental expansion. In her management of Manhcukuo, Japan should not commit the folly of leaving her continental management to "natural expansion," but should adopt a steady pace with a fixed order for enforcement of her "management policy," and should "nurture" Japan's actual power as the stabilizing influence in Asia.

Seigo Nakano, anohter advocate of strong policy, in the course of a speech at Hibya Hall, urged strong, positive action. He declared, "Japan must strike at Hankow, Canton, and Hainan Island, regardless of Great Britain, France or any other powers. Japan must, above all else, avoid a diplomatic collapse!

***

Gen. Iwane Matusi, former chief in command of Japanese troops in Central China area, and Sonyu Ohtani, until recently Minister of Overseas Affairs, were appointed Counsellors of the Cabinet by Premier Prince Konoye. Ohtani is now president of the North China Development Company capitalized at Yen 350,000,000.

Pengpu, important town on the Tientsin-Pukow Railway, has been chosen as the seat of the new puppet Anhwei Provincial Government, with Nyi Tao-heng as its head. The new regime is expected to be formed early in August. A number of new officials for Anhwei has been appointed by Nanking. They include: Kung Wei-chiang as Secretary-General of the provincial government; Tang Shao-hou, as Finance Commissioner; King Tien, as Industrial Commissioner; and Chu Yung-han, councillor.

A new school for the training of district magistrates in Japanese occupied areas in Central China will be opened at Nanking next month. Chen Chun, Nanking's Minister of the Interior, will head the institution, with Hsia Chi-feng, the vice-Minister of the Interior, as his assistant.

Hsuchow, in spite of its being in Kiangsu, has been placed under the control of the Peiping "Provisional Government." According to Japanese report, Tien Wen-ping has been apppointed by Peiping as director of the Peace Preservation Bureau at Hsuchow.

In order to foster the teaching of Japanese in Hangchow, twenty-five new primary schools and one middle school will soon be opened. At present, there are only five primary schools and one middle school with small enrollment. The prospect of reopening of factories in Hangchow is regarded as remote, the chief obstacle being lack of sufficient electricity supply.

Japanese reports allege that Gen. Chen Yi, Chairman of Fukien, is now undergoing a strict examination at the hands of officials of the National Government in Hankow regarding the alleged murder of Chang Chao, who had been dispatched by Hankow to Fukien to direct anti-Japanese organs. Mr. Chang was said to have been assassinated by Yeh Cheng, Director of Fukien Peace Preservation Bureau due to internal dissension among the members of the "Blue Shirts." As a result of Mr. Chang's murder, several other high officials of Fukien were said to have been summoned to Hankow for examination.

To expand its jurisdictional control, the so-called Shanghai "Governor's Headquarters," formerly known as the "Ta Tao Government of Pootung," has taken over control in Paoshan. A political affairs bureau will be established at Paoshan shortly.

Japanese reports to the effect that Gen. Tsai Chin-chun, former Chinese Police Commissioner of Greater Shanghai Municipality, had come to Shanghai to direct terrorist activities against the Japanese, were denied. A later report in the local *Mainichi* alleged that Tsai, who had enriched himself at the time of withdrawal of Chinese troops from Shanghai, is now in hiding in Singapore in order to escape punishment by Gen. Chiang Kai-shek. The man who was sent here by Hankow, the Japanese paper alleged, was Liu Chien-mou, a member of the State Council of the National Government.

Gen. Chiang Kai-shek has summoned an important conference to be held in Hankow shortly, according to Japanese reports. Gen. Lung Yun, Chairman of Yunnan, Gen. Wang Tsan-shu, Chairman of Szechuan, Gen. Chen Yi, Chiarman of Fukien, are reported to have already arrived at Hankow. Other high officials including Wu Ting-chang, Chairman of Kweichow, Gen. Liu Wen-hui, Szechuan military leader, Gen. Huang Shao-hsiung, Chairman of Chekiang, and Gen. Yu Han-mou, Pacification Commissioner of Kwangtung are due to arrive soon. The report stated that the following important problems will be discussed at the conference.

1. Reorganization of provincial troops.
2. Political conditions of various provinces.
3. Yunnan authorities to establish closer relationship with the French Consul-General and the Kwangtung and Kwangsi authorities to establish closer relationship with the British military authorities.
4. Economic development of the various provinces.

The Japanese also were responsible for a further report that Communist troops in China, estimated at one million including irregulars, had started a movement to re-establish a "Soviet" Government if Hankow should fall into Japanese hands. More than 1,000 Communists were said to be undergoing active training in political, military and espionage affairs, after which they will be sent to the provinces of Kwangtung, Kwangsi, Hunan, Shensi, Fukien, Yunnan and Kweichow to direct anti-Japanese activities.

According to the *Hua Tung News Agency* (Chinese), the Chinese Government minted a total of $1,500,000,000 silver coins since the latter part of the Manchu Dynasty. So far only $500,000,000 have been called back by the National Government since the introduction of the monetary reform measures in 1935. It is believed that at least $1,000,000,000 silver coins are still being held by the people in various parts of the country. The Ministry of Finance is encouraging the poeple to change their silver holdings for the legal tender notes. Those who fail to hand over their silver holdings to the Government by the end of the present year will be severely punished. It is believed that at least $100,000,000 silver are held in the present Japanese occupied areas. Unless they are secured by the Government, it is feared that they will be collected by the Japanese and exported to Japan.

In recognition of their recapture of Namoa Island, off Swatow, from the Japanese, Gen. Chiang Kai-shek has remitted a reward of $1,000 to the militia under Col. Hung Chi-cheng. Col. Hung and his subordinates were highly commended for their bravery and loyalty.

Sir Geoffrey Northcote, Governor of Hongkong, visited Canton Thursday last week and inspected the scenes of the recent Japanese airbombings. He was deeply distressed at the destruction wrought by the Japanese raiders. He was guest of honor at a dinner by Gens. Wu Te-chen and Yu Han-mou, civil and military heads of Kwangtung provinces.

In view of rumors that certain unscrupulous merchants and railway officials were manipulating the transportation of goods on the Canton-Hankow Railway, the Ministry of Communications announced that "whoever is found guilty of the charges will pay the extreme penalty." In addition, the Ministry has asked Gens. Wu Teh-chen and Yu Han-mou of Kwangtung and British officials of Canton-Kowloon Railway to co-operate in investigating the matter. It had been rumored in Hankow for some time that many minor railway employees have been accepting bribes from merchants for giving certain shipments of goods preference over others.

Ninghsia is ready to resist any Japanese aggression, declared Gen. Ma Hung-kwei, Chairman of the Ninghsia Provincial Government and concurrently Commander of the 15th Route Army. Gen. Ma said that the 15th Route Army is now charged, by order of the Central Government, with the defence of western Suiyuan. Should the Japanese extend hostilities to that part of Suiyuan, the 15th Route Army is ready to "live or die with the Northwest" in fulfilment of its duty of national defence.

A Japanese Explains Soviet "Outrages"*

BY JIRO URASHIMA

JAPANESE diplomtaic and consular offices and their rights and interests in Soviet territories have been subjected to outrageous oppression by the Soviet authorities, and the violent measure dealt to our coal and petroleum interests in North Saghalien are quite beyond all manner of description. In the following are given some instances of such oppression and violence, all of which, incredible as they may sound, are unexaggerated, true stories.

One of the greatest outrages is the severe examination conducted by the G.P.U. and customs officers, which sometimes border upon the farcial. The North Saghalien Mining Company, for instance, imported some *yokan*—bean-paste jelly, usually black in color. The G.P.U. and customs officers whose duty it was to check upon the company's import goods, asked the manager of the supplies department if it was not dynamite. Persistently demanded to prove the contents, the manager had to eat a piece of the yokan. Thereupon the officer felt relieved and let the sweets pass. Many a similar farce is daily enacted as the officers would insist on creating gunpowder out of a pocket-warmer stick or gas-proof garments out of rain-coats water-proofed with wood-oil.

As indemnity goods for the North Manchuria Railway, two small steamers were taken to Alexandrovsk by eleven Japanese seamen. After the proper transfer of the two vessels, it was agreed that the Japanese crew of eleven men be shipped home in a coal-boat. When this boat, manned by a Soviet crew, approached a certain port, the G.P.U. officers, recognizing unfamiliar Japanese faces, started rushing to and fro making elaborate preparations against their imagined enemy: light machine-guns were brought out to the pier, and soldiers rushed out with fixed bayonets. When the real circumstances were made clear to the G.P.U., the soldiers, much relieved, started back for the watch-house, shouldering the machine-guns. The panic-stricken confusion was simply too comical.

Trouble-Makers, Eh?

Mining establishments managed by Japanese have been troubled by the poor efficiency of their Russian laborers. The laborers themselves in general are satisfied with the wage schedule fixed by the Japanese companies, but the Soviet Labor Union causes all kinds of trouble between the employers and the employees. The latter, threatened by the Union, demand higher wages, and naturally find it difficult to come to terms with the employers.

The actual earnings of a worker must be reported by the companies to the Union at the end of each month. Those who earn more than others, perhaps under the sheer necessity of feeding a large family, are spotted as friendly to Japanese, and often meet the misfortune of dismissal from the Union on charge of interference with the Union movement, followed by forced dismissal from the company.

Anti-Japanism in the Soviet Union is so thorough-going that even children are taught to hate the Japanese. Children's anti-Japanese pranks are harassing in the extreme, especially in North Saghalien and Vladivostok. They would sling pebbles and break windows from one house to another. If we should catch one of them in the act and hold him by the arm, the whole neighborhood would turn out, not barring adults, and accuse us in union of bullying a child. Even if we reported to the police, they would evade the issue by pleading shorthandedness or by demanding evidence. Should we succeed in producing such evidence, there would surely be some Russian witnesses testifying against us. So what's the use?

Another great annoyance are the thieves in the coal mines. Safety-lamps, shovels, pickaxes—these disappear one after another. They are either taken away from or sometimes given away by Russian workers in Japanese mines when such items are wanted in some Soviet establishment. Also Japanese houses are often visited by native thieves who help themselves to suits of clothes, watches, and whatever they may take a fancy to. Even when a man is found wearing one's stolen clothes, one can never get them back. At one time a thief was caught while stealing from a Japanese company. A sufficient number of eyewitnesses were present at the court, which, however, pronounced him not guilty. The upshot of the whole incident was that the company had to pay the thief's wages while in custody awaiting trial.

Stubborn, That's All!

The Soviet Labor Supervisors and policemen are authorized to collect, at their discretion, fines not exceeding a hundred roubles.

"FOR WE'RE JOLLY GOOD FELLOWS"

This picture, reproduced from the *Osaka Mainichi*, was headed, "Enemies of yesterday are friends today!" The figure on the right is supposed to be a Chinese soldier. However, according to Mr. Urashima, author of the accompanying article, the Soviets perhaps would have a different inscription for this photograph. Mr. Urashima says: "One of the most spiteful expressions of anti-Japanese sentiment (by the Soviets) is a humiliating poster showing a pig, fossicking a garbage bin . . . ."

This is an outrageous institution as far as Japanese companies are concerned. They would pay an unannounced visit to, let us say, a pit. They would discover some dust here and waste-paper there; they mght even find the place not in perfect order. For each such discovery, the company must pay a fine of hundred roubles. Any number of garbage-bins are provided by the company and the native workers are told persistently to dispose rubbish in these. But they will not listen. And for the stubborn disorderliness of Russian laborers the company must pay hundreds of roubles! In 1937 the fine of this sort paid by the company totalled five thousand roubles.

The company's telephone lines extend to Alexandrovsk by inland route along the mountains. It has been customary each

(*Continued on page 300*)

*Translated from Gekkan Russia by Contemporary Opinions.

Japan's Army at 'Gateway to Hankow'

THIS week, China's "God of War" battalion, defending the strategic Lion Hill, east of Kiukiang, apparently convinced that "he who fights and runs away, will live to fight another day," on the night of July 25, after having prepared to withstand a three-months' seige, withdrew swiftly, moving southwest and toward the hills of Kuling, where many American and British residents were preparing to evacuate. And, as Chinese armies moved backward, Japanese troops swept into the city of Kiukiang, some 140 miles below their main objective of Hankow. A surprise to many an observer was the swift crumbling of the "God of War" battalion lines under the impact of the heavy guns of the Japanese army and navy. The battalion, comprising college graduates recently trained to operate new British and Czech artillery, was said, however, to have succeeded in salvaging all its modern equipment before withdrawing.

Japan's army now stands at what is known as the "Gateway to Hankow." And there they are beginning to mass huge forces of men and warships for a mighty drive which they hope will land them inside the gates of China's second capital within a year—now in the process of evacuation to Chungking. This week, from the Whangpoo river, nine Japanese war vessels, believed to have come from Nipponese waters, moved up the Yangtsze to the Kiukiang war area. The small fleet consisted of eight destroyers and one cruiser.

The extent of Japanese operations for the capture of Kiukiang indicated that they expected a terrific struggle for possession of the city. Japanese naval units poured tons of shells into Chinese positions on both banks of the river, laying an especially devastating barrage on Lion Hill artillery emplacements. The vessels shelled the city while planes overhead began a systematic bombing. But the Chinese wasted little man-power or ammunition in the defense of Kiukiang. A spirited clash here and there, and they withdrew.

Commands 450 Miles of Yangtsze

Japan's capture of Kiukiang ended her nearly two-week silence on military operations on the Yangtsze. A Shanghai spokesman said that occupation of the strategic city gives the Japanese forces in China command of 450 miles of the important Yangtsze watercourse, and that only 140 miles remain in the drive on Hankow for the avowed purpose of crushing the Chiang Kai-shek regime and reducing it to the status of a "mere local administration."

After occupying Hukow on the east bank of Poyang Lake on July 4, Japanese Army and Navy forces cooperated in consolidating their positions and pushing on toward the west in the large-scale drive on the temporary Chinese capital at Hankow, he said. The Army concentrated on clearning up all resistance to the south of Hukow and preventing Chinese counter attacks while the Navy evaded hundreds of dangerous floating mines in the Yangtsze to reach positions in the river favorable for shelling Chinese defenses on the river shores.

On July, 23, the spokesman disclosed, Japanese forces landed on the west bank of Poyang lake in the midst of a violent rainstorm. The Army defeated several Chinese divisions holding prepared positions on the way to Kiukiang. Aircraft of both services aided in weakening the Chinese defense lines. The following two days were unfavorable for aerial operations and the advance of the Army was slowed down considerably, the spokesman said. On July 25, nowever, air bombing was resumed and the Chinese began to withdraw from their trenches and pill box forts.

The spokesman said that occupation of the lower reaches of the Yangtsze gave the Japanese command of a transport facility whose usefulness far exceeds all the railroads. Control of Poyang lake also aids the Japanese war machine by threatening Chinese positions between Ningkuo and Hangchow.

As a result of the Japanese frontal attack which drove a wedge thru the center of the eastern defenses of Hankow, a "break up" of Chinese defense points on both banks of the Yangtze is threatened and occupation of the Wuhan cities "is only a matter of time," the spokesman asserted. The spokesman attributed the success of the push on Kiukiang to the close cooperation of the Army and the Navy and the airforces of both services.

Oil, Mission Property Intact

Domei reported that despite "widespread looting of foreign property in Kiukiang," the installations of the Standard Vacuum Company and the Asiatic Petroleum Company were virtually unharmed. Also comparatively untouched were a girls' school operated by the American Church Mission and the Nanwelieh Institute. Other foreign-owned buildings were mostly broken into the seals on the doors being broken, *Domei* said. Their interior was in complete disorder. British, American, German, French and Italian flags were flying from these structures.

The four-mile waterfront was converted into a strongly-defended zone, with pill-boxes, trenches and barbed-wire entanglements much in evidence. The Japanese Consulate building was found intact, but the Daigen Hotel and other Japanese buildings were looted.

Set on fire by the retreating Chinese July 24 and July 25, the district between the new town and Nanchang Station was completely wiped out. The airdrome was flooded with water to a depth of about five feet pouring in from the Yangtsze through breaches in the river embankment. Japanese troops pursuing fleeing Chinese found the roadbead of the Kiukiang-Nanchang Rawilay destroyed over a length of about one kilometer. The rails were removed to provide reinforcement for anti-aircraft dugouts and pill-boxes. A locomotive was found standing forlorny before the destroyed roundhouse in the station yard.

Shanghai's Chinese language newspapers attempted to inject a sour note into Japan's drive on Hankow. The *Hwa Mei Chen Pao* predicted that the Japanese onslaught will be doomed to failure unless they succeed in securing further material aids from Berlin and Rome. Most of the Japanese planes which bombed the Wuhan area recently, the journal said, are of Italian make. The paper noted that the Italian machines are said to be capable of flying at a high altitude, beyond 20,000 feet, which none of the Japanese planes are able to do.

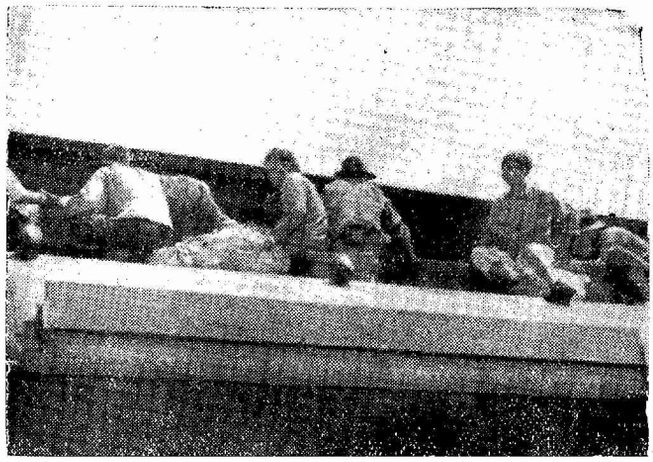
Trouble in North China

In North China, Japan is continuing to have her troubles. With the fall of Chengchow, vital junction of the Lunghai and Peiping-Hankow railways, and the subsequent Yellow river floods, Japan's drive on Hankow from the North was forestalled. Now Japanese charge that Gen. Chiang Kai-shek has rushed 200,000 troops to defend the southern portion of the "Red Route" to Hankow.

Gen. Cheng Chien, Japanese say, has been entrusted with the protection of the Tungkwan-Loyang-Chengchow section of the Lunghai against a possible Japanese thrust across the Yellow River from Shansi. This link in the "Red Route," it was stated, is held essential for the continued supply of Soviet munitions pouring in by way of Lanchow and Sian for the defense of Hankow.

Meantime, labor gangs were said to be concentrated on the Peiping-Hankow Railway in the vicinity of Hankow in order to prevent Japanese air raids from dislocating traffic on the line.

REFUGEES ARRIVE IN HANKOW

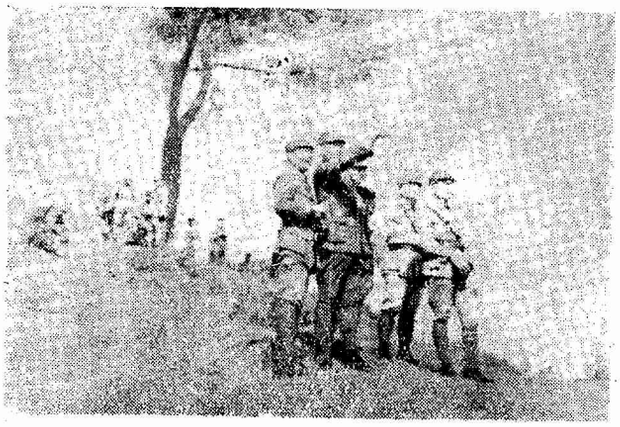


The Japanese drive westward along the Lung-Hai, plus the serious flood situation along the Yellow River have caused thousands of refugees to flock into Hankow. Pictures show refugees riding in open coal cars and on top of freight trains.

Troops have also been deployed in the vicinity of Hankow to prevent a Japanese surprise attack from the East north of the Yangtsze.

Pootung's Guerillas

As August 13, anniversary of the outbreak of the Shanghai war one year ago, draws nearer, reports on the activity of



Chinese outpost on the Yangtsze—Chinese officers observe Japanese advance on the Yangtsze.

Chinese guerillas in this area increase daily. According to Chinese press dispatches, guerillas who have hitherto confined their activities to the night, now launch their operations in daylight.

A band of more than 200 guerillas, according to a Chinese report, staged a parade at Sanlincheng, village on the southern terminus of the Shanghai-Nanhwei Railway, on July 24. Singing songs, the guerillas, armed with rifles, Mausers and machine-guns, marched through the village in high spirit, it says. They were not challenged by the Japanese troops nor the "Ta Tao" police, it added.

The Chinese report further that there are some 600 Japapese troops stationed at the various points in the Pootung area, as

Bei Chung-hsi, well known Kwangsi leader, now holding a responsible position at Hankow.

the main body of the Japanese forces has been transferred upstream on the Yangtsze to assist, in the present drive on Wuhan. In the meantime, uneasiness still prevails in Pootung, as all sorts of rumors concerning the activities of the guerillas have been flying.

China Believed Preparing for Fight on Two Sides of Hankow

By stationing Central troops in the vicinity of Loyang, the Gen. Chiang Kai-shek regime is apparently intending to offer resistance to the Japanese attack on two sides of Hankow, in the northwest and southwest, Japanese military experts in Peiping said, *Domei* reported. They agreed with opinions expressed in dispatches from Chihchiachwang July 24 that the movement of Central troops was evidently designed to protect the so-called "Red route" by means of which arms from Russia are transported into the fighting zones. These reports said that about 200,000 Central troops were being concentrated southwest of Loyang along the Lunghai Railway. The military experts pointed out that Chinese troops had been dispatched to southern Shansi Province to protect the "Red route" but their attempt was not successful.

Japan Believes Revolving Fund Able to Finance Huge Imports

If rotated three times a year, the Yen 300,000,000 foreign exchange revolving fund will enable Japan to import Yen 1,000,000,000 worth of raw materials to manufacture goods for export, Bank of Japan officials claimed this week. The fund was created July 20 in the hope of enabling Japanese industry to continue to supply goods to its world-wide markets. The fund, bank officials revealed, would be available to foreign as well as Japanese banks, provided the transaction involved was for the purchase of raw materials destined for manufacture into export goods.

Exchange banking circles, however, took a more conservative view predicting that the fund would only be revolved twice a year. The fund was established with Yen 300,000,000 out of the Yen 800,000,000 gold reserve of the Bank of Japan.

Toyotaro Yuki, governor of the Bank of Japan, explained the revolving fund thusly:

"In order to cope with the long-drawn wartime situation, the Bank of Japan has decided to establish the foreign exchange fund accounts with Yen 300,000,000 from the gold specie reserves. I believe that the promotion of the importing capacity of military raw materials is urgently required at present. In order to foster the importing capacity, the exports should be promoted. For the promotion of export trade, it is essential to stabilize the abundant supply of raw materials for manufacturing export articles. For the stabilization of the abundant supply of the export-article raw materials, the smooth supply of the funds in foreign currency necessary for their purchases is necessary.

Not Temporary Measure

"In view of the situation, the Bank of Japan, as a part of the general commodity mobiliztaion plan, has decided upon the utilization of the specie reserves. This is not a temporary and patch-up measure. It is decided upon on the basis of the fundamental national policy toward the China Incident, the well-laid plan for the long-drawn warfare and the long-drawn construction work, and also on the basis of the fundamental plan for the supply-demand of commodities on the estimate of the future trend of international accounts.

"On the basis of those surrounding factors, the Bank of Japan has decided to utilize part of the specie reserves. To make the newly-created accounts most effective and significant, full-hearted co-operation of the traders and other parties concerned along the national-policy line is absolutely necessary. I expect and urge co-operation and support of the parties concerned."

Japanese Extends Control to Silk Industry

Refusing to sell cocoons to the Japanese at an unreasonably low price, farmers in Kiangsu and Chekiang Provinces have either stored their cocoons or sold to the Chinese hongs for the reeling of silk by the old method. Recently, the Japanese authorities ordered the farmers to sell cocoons to the Japanese silk company at a fixed price and those who failed to comply with the order were severely punished.

In Wusih, the Japanese with the co-operation of a few traitors, organized a Hua Min silk company. This company bought over seven silk filatures with a total of 2,500 reeling machines. Chang Tze-chen, who was appointed manager of the company by the Japanese has been arrested by the guerillas, operating around Wusih and it is reported that he has been executed on charges of co-operating with the Japanese. It may be noted that the big silk filatures in Wusih including the Yung Tai Silk Filature refused to co-operate with the Japanese and they have voluntarily closed their plants.

Recently five silk filatures with a total of 704 reeling machines were organized in the International Settlement and French Concession of Shanghai by silk filature owners in Kiangsu and Chekiang. These people are making arrangements to open another ten silk filatures in Shanghai with a total of 3000 reeling machines. Because of large demands of silk in foreign markets, the price of silk has increased to $1150 per picul. As four piculs of cocoons (valued at $190 per picul) are needed to produce one picul of silk and about $100 must be paid to the workers for the reeling of one picul of silk, it is estimated that the total cost for producing one picul of silk is $860. A net profit of $300 is made from each picul of silk by the silk filatures at the present market price.

The names and number of reeling machines of the five new Shanghai filatures are:

Lien Chen Silk Filatures	156	reeling machines
Fu Loong Silk Filature	152	,, ,,
Lien Yuan Silk Filature	112	,, ,,
Chien Yieh Silk Filature	144	,, ,,
Shanghai Silk Filature	140	,, ,,

Because of the large demand of silk in foreign markets and the small production of silk this year, the price of silk has increased to $1100 per picul. It may be noted that before the outbreak of the war there were hundreds of silk filatures in Kiangsu and Chekiang Provinces. These filatures were located in the following districts:

Shanghai	112	silk filatures	25,200 reeling machines
Wusih	48	,, ,,	15,324 ,,
Soochow and Chinkiang	8	,, ,,	1,992 ,,
Kashing, Haining, Hangchow	16	,, ,,	4,111 ,,

China's Birdmen Vs. Japan's Men-of-War

Since the present hostilities began, the Chinese Air Force has been busily at work against the Japanese warships. The bombing of the Japanese flagship "Idzume" and other war craft in Shanghai Harbor, for instance, gave Shanghai residents many an air raid thrill (and some tragedies) before the ancient cruiser with the charmed life was shifted from Consular Point near Garden Bridge to Pootung Point. In the following story, Captain Tang, a squadron leader in the Chinese Air Force, describes one of the many exciting air raids against Japanese warships operating near the Wanshan Islands in South China Sea.

By Capt. Tan Po-sung, of the Chinese Air Force

WE were in fact not after other Japanese warships. Our objective was the aircraft carrier from which bombers attacking Canton and the railways took off. But is so happened that on this day when we visited the Wanshan Islands, the carrier could not be located. In its place where were four war craft—two first-class cruisers, the Koromo Gasa and the Shintsu, we found out afterwards, and two submarine chasers. At Yen 2,000 per

Photo by Julius Eigner in China Journal.

Chinese aviators who flew the Martin bombers to Japan when Japanese cities were "bombarded" with Chinese peace pamphlets.

ton the four of them should be worth the tidy sum of Yen 60,000,000. So I gave the signal for attack.

Because of the certainty of meeting enemy fighters, we used fast light bombers for the expedition so that after discharging the bombs we could fight our way back. At 3 o'clock in the morning on May 11, we climbed into our machines, which had been loaded with 250-lb. and 500-lb. bombs. Thus equipped, we were off, five machines in all.

Ships Camouflaged

We arrived at our destination in the dim before-dawn light. The smoke of the ships attracted our attention; otherwise they were very effectively camouflaged to simulate islets. They must have confidence in their camouflaging, for they hardly seemed to notice us—not until we first launched our attack.

We lined up for power dive. We dived from 10,000 ft. to about 800 ft., dropped our bombs, and machine-gunned the crew before we pulled out. My bomb fell into the sea to the port side of the first cruiser. That of the second machine fell just aft of the second cruiser. The third machine dropped a bomb to the port side toward the fore of the first cruiser. All the bombs unfortunately missed their objectives and exploded in the sea causing huge water spouts and severe rocking of the ships.

After the first bomb was released, the anti-aircraft batteries of the enemy suddenly became alive. Soon shells were bursting all around us marked by volumes of smoke. But none of them hurt us.

When the fourth machine piloted by Wang Chia-ting released its bomb, a loud detenation was audible above the rapid firing anti-aircraft guns. Sailors, guns, and broken metal pieces were seen flying about before they plunged into the sea. The craft was taking in water very fast. We then returned to our base to fill up our bomb racks again and in less than three hours' time, we were back for another attack.

A Hot Reception

This time the warships gave us a hot reception long before our arrival. The guns were barking as fast as they could. To add to our discomfort, we noticed that a squadron of enemy aircraft was coming toward us just as we were lining up for our power. dive. However, as we were heavily loaded, it was impossible to fight without unloosening our bombs, so I gave the order to attack just as if nothing had happened. The bomb released by the second plane landed squarely on the cruiser Karomo Gasa, her identity being found out later. A column of dark smoke shot up to the height of nearly 200 ft. Though it was not possible to ascertain the damage, the ship must have suffered terribly.

We were now confronted with the encoming enemy squadron. The twenty or so planes composing the squadron must have been returning from a bombing expedition, for they consisted of both bombers and pursuits. We were greatly outnumbered; but I had faith in the performance of our machines and in our personal skill, so I decided to give battle. In the ensuing dog fight lasting ten minutes, we shot down three enemy craft; while our machines only received sevem bullets, including one that tore a hole in my left sleeve.

Cholera Epidemic on Increase Here

Although the cholera epidemic shows certain signs of assuming greater and more serious proportions, it does not, as yet, affect the French Concession in any alarming way, officilas of the French Public Health Department reported July 23.

If the cholera epidemic is kept under control—as seems likely—it will be solely as a result of the extensive inoculation work carried out from the beginning of April, they assert. The number of new cases, which did not exceed 25 a day last week, increased to 40 cases a day for the week ending July 23. The number of deaths has increased proportionally, but the death rate itself remaisn under 10 per cent.

Investigations by the health authorities show that the patients now suffering from cholera had not been inoculated previously, while persons living in the same districts, but who had been inoculated, have not contracted cholera. The efforts taken by the Concession health department to reach local residents who have refused inoculations is being pursued with satisfactory results, it is understood.

Considering that inoculations are being carried out from house to house, the daily average of inoculations—over 22,000—may be considered as more than satisfactory, the authorities point out. To date, the total number of inoculations amounts to 1,404,700, while over 1,700 litres of vaccine, representing exactly 1,716,700 cc., have been employed. This represents a great deal of work for the vacincators, but the authorities point out that it is more than justified by the extremely satisfactory results which have been obtained.

Guerillas are Accused

Chinese guerillas are injecting cholera germs into watermelons in the path of the Japanese advance, the Kweiteh correspondent of the Tokyo *Nichi-Nichi* alleged this week. Japanese troops operating in northern Honan and southren Shansi Provinces are marching under a scorching sun in a temperature of 140 degrees, the correspondent reoorted. They are forbidden to drink unboiled water and their only solace on a long march is to buy watermelons.

While marching near Tanhsien in southwestern Shantung from Kaifeng by way of Tsaohsien, the correspondent said, a Japanese detachment found a watermelon field and some of the soldiers approached a watchman's hut near-by. A peasant with a pistol in his hand ran out of the hut and was shot dead before he could fire.

Examination disclosed that the peasant was a disguised soldier of Gen. Tsao Fu-lin's army. Inside his hut the Japanese soldiers found heaps of watermelons and glass tubes, the correspondent claimed. A Japanese surgeon examined the tubes under a microscope and found they contained cholera germs, the correspondent alleged. Henceforth Japanese soldiers are forbidden to eat watermelons to slake their thirst.

The spread of the cholera epidemic in Peiping has compelled officials in this city and at Tientsin to issue strict regulations, one of which is a prohibition against travelling to everyone who has not been examined and provided with a medical certificate. The unusually unfavorable weather has resulted in a rapid growth of the epidemic and Red Cross and other first aid deopts are examining and inoculating thousands of persons daily.

Bishop Yu Pin Back from Europe Tour

Unabated confidence in the ultimate success of the campaign of resistance was expressed by Dr. Paul Yu Pin, Catholic Bishop of Nanking, in an address delivered in Kunming, July 25. Bishop Yu arrived recently from French Indo-China following an extensive tour in Europe.

In the course of his world tour, Bishop Yu said, he explained to the various foreign nations the significance of the Chinese campaign of resistance against Japanese invasion.

Overseas Chinese Contribute $40,000,000

Since the outbreak of war, Chinese overseas in the South Sea Islands alone have contributed $40,000,000 to the Government for the prolonged armed resistance against Japan, according to Chinese circles.

Peace Group Urges Credits for China, Boycott for Japan

A resolution advocating financial assistance to countries victims of aggression and an embargo on deliveries of oil and other materials used for bombing by aggressors, was passed July 24 at the close of the world conference against the bombing of open cities, sponsored by the International Peace Campaign at Paris.

The resolution further advocated the evacuation of all Chinese and Spanish populations threatened by bombings and instructed all organizations and delegates of the I.P.C. to organize a campaign in favor of boycotting aggressor countries. The conference passed another motion dealing with China and advocating assistance to China in accordance with the Nine-Powers Treaty, the League Covenant, the Briand-Kellogg Pact, and the various resolutions adopted by the League of Nations.

The motion provided for a boycott of Japanese products and action to prevent the delivery of war materials to Japan, also urging that credits be granted to China. Two other resolutions were passed and referred to Spain and Czechoslovakia, stating that the Sudeten problem should be submitted to the League of Nations for settlement and that rights be restored to the Spanish government to purchase arms abroad until the withdrawal of foreign volunteers is carried out.

Contributions Asked

The meeting furthermore invited all populations to intensify their efforts for the supplying of attacked countries by contributing one hour's salary per month to a fund created in this connection. Before voting on these resolutions, the conference heard several speakers, notably M. Joseph Paul-Boncour, former French premier, who defended the principle of collective security. He declared that technically economic sanctions were not useless but arms manufacturers, oil companies, and the large trusts had fed wars. "To save the peace of the world let us immediately organize aid for the 'aggressed' countries," he concluded.

M. Pierre Cot, former French air minister, who was chairman at the last meeting, announced that many telegrams had been received from various personalities including General Chiang Kai-shek, Premier Juan Negrin of Republican Spain, and President Eduard Benes of Czechoslovakia. Replies had been sent to these telegrams, including a message to President Roosevelt, he added.

Commenting on the Paris conference, the Chinese newspaper *Sao Tang Pao*, organ of the Hankow military, said the condemnation of bombing of open cities is a bold move on the part of peace promoters and it "deserves our admiration."

It is discernible, the journal said, that this step is designed to check the wanton acts of the aggressors and to uphold international justice and humanitariam. The conference may it be successful or not, will have little effect, if any, on China; for we believe that China could only be saved through self-reliance. But from the view point of humanity, the Paris conference undertakes an important mission.

"As all of us are well aware," continued the paper, "that mere empty talks would not carry enough weight to checkmate the aggressors when they run amuck, we hope that the conferees of the Paris confab, all of whom are world known personages, will devise practical steps enjoin their respective governments to uphold the Convenant of the League and the Anti-War Pact and to check aggression, through a collective action."

Chiang Sends Appeal

That world public opinion be mobilized against the indiscriminate bombing of Chinese open cities by Japanese airplanes, was urged by General Chiang Kai-shek, president of the Military Affairs Commission, in a cable appeal at the opening of the International Peace Congress. In the course of the past year, General Chiang stated, Japanese airplanes not only bombed Chinese open cities, but also attacked foreign diplomats and foreign gunboats in China. (Reference was made, obviously, to the machine-gunning of Sir Hughe Knatchbull-Hugessen, former British Ambassador to China, and the sinking of the U.S.S. Panay by Japanese airplanes.)

In recent months, the appeal added, Japanese airplanes have repeatedly carried out indiscriminate raids on the civilian population in various open cities, especially at Canton. Thousands of innocent non-combatants, including women and children, have been killed; and many more wounded.

While China's air force is not incapable for carrying out similar bombing raids on Jaaan, the Chinese do not choose to adopt this barbaric method. The appeal recalled that Chinese airplanes, in fact, successfully flew over Japan Proper, but, instead of bombs, dropped only leaflets urging the Japanese people to cease the invasion of China. In the interest of world peace and order, General Chiang's appeal urged, adequate measures should be devised by the Peace Congress to stop the ruthless massacre of Chinese civilians by Japanese airplanes.

London Favors Boycott

At the same time delegates to the Paris conference passed a motion favoring a boycott of Japanese products, a group of silk manufacturers in London requested strong British government action against importation of Japanese oilsilk at low prices.

"We view with grave concern the increasing popularity of oilsilk, and the numerous articles on the fashion pages of daily papers and various weekly and monthly periodicals advocating the use of it for coats, curtains, hats, umbrellas, neckties, sandals, swimming costumes and other purposes," they stated.

"This material is made exclusively from cheap Japanese silk exported from Japan at a price ranging from a penny per yard to about twopence halfpenny for the most popular qualities. Freight, commission and import duty bring the price up to from six to eight pence per yard and then the clothes are dyed and oiled in this country. But there again, 99.6 per cent of the linseed oil that is used is imported from foreign countries.

"The cloth itself if of the lowest quality, uneven, full of bars and imperfections and it is useless without oiling. But despite this, it is impossible for British manufacturers to make the cloth for the money. Pure silk cloths suitable for this trade could be made in this country though not at these prices, and if adequate protection will be forthcoming, surely the public would still buy oiled silk novelties of a much better made cloth, at reasonable and economic prices."

"Yorkshire, Lancashire and Macclesfield manufacturers would like the opportunity of paying their national defense contribution, but instead they see their looms standing idle while countrymen pay custom duties on Japanese cloth. Every oilsilk coat means three and a half yards production lost to a British weaver, while every oilsilk umbrella is two yards lost, and so on. Read textile manufacturers' reports and see what the Japanese are doing to one of our staple industries. For every yard lost to home trade, we lose thousands of yards in exports to India, Australia and other foreign markets. If our Government cannot be persuaded to act, perhaps our countrymen and women will be induced to refuse to buy foreign articles, which, after all, are not as good as those made in Britain."

Some Boycott Opposition

Showing an opposite attitude toward Japan, Sir William Bradshaw, president of the Cooperative Wholesale Society, said that his organization did not favor a boycott against Japan due to the fact that out of 1200 affiliated societies, only 40 wanted a boycott. He said they believed that a partial boycott would be ineffective, and that nothing short of a national boycott would be of any use.

In connection with the Paris conference, China recalled the visit here in June of Edgar Ansel Mowrer, delegate of the International Peace Campaign, and a member of the *Chicago Daily News* staff on furlough. In his meetings with Chinese leaders, Mowrer expressed confidence that China will win her final victory in view of national unity and the continued assistance given her by friendly powers.

The newsman-peace crusader said he was amazed by the "gallantry and ability of Chinese defenders which no other people in the world can surpass." Now that the people in Europe and America "have realized the folly of Japanese propaganda and are ready to help China," Mowrer told Chinese officials, "China should carry on her struggle to the finish."

Workers Employed by Japanese in Building Roads on Strike

Large numbers of workers are being employed by the Japanese authorities in the building of roads and widening of the Chimei Road in Chapei. These workers are paid with a daily wage of 40 cents a day and often times unreasonably beaten by the Japanese Chinese report. Recently, a Japanese soldier beat a worker and threw away a few bowls of rice which the latter carried with him. This aroused the indignation of the workers, who after work, decided in a meeting to declare a strike. Since July 22, no worker has returned to work and the Japanese authorities are reported to be very anxious to pursuade the workers to return to work, so that the roads can be built as quickly as possible.

Quiet Observance of Aug. 13 Slated by Japanese

Because festivities would be inappropriate as the hostilities are still continuing, the observance of the first anniversary of the beginning on Aug. 13 of the "Shanghai War" by local Japanese will be restricted to a simple and solemn memorial service. This was decided upon by representatives of the fighting services, the Japanese Consulate-General and the local Nipponese community. The rites will be held beginning from 4 o'clock in the afternoon at the Central Primary School, Range Road.

16 Overseas Chinese to Join Chinese Air Force

Sixteen overseas Chinese from the Philippine Islands arrived in Hongkong on July 19 on their way to Hankow to join the Chinese air force. These sixteen overseas fliers constitute the third group of Chinese fliers returned from foreign countries to serve their Fatherland.

Pity the Poor Japanese!

BY PETER SOUTH

JUST when the world was beginning to think that Japan, after three months of shackling her citizens with one restriction after another, had reached human limitations, Tokyo unleashes a further flood of "must nots, or else" to weigh upon a nation already stooped with the burdens of what may be a futile war.

The number of restrictions already clamped down upon a weary public would perhaps defy calculation by a board of chartered accountants, armed with batteries of adding machines. Safe it is to conjecture that the United States, or any of the Allied Powers in the dying days of the World War saw no such limitations placed on liberties in their home or business life. Mayhap, Germany, after four years of struggle, would have equalled the economic condition of Japan after a year of war waged against the militarily-inferior nation of China.

Japan, if she continues to confine the normal routine of her people, may find some day that she has done the job too well. The traditionally-patient Japanese, himself, has his limitations. And, although the great masses are yet inarticulate (because of another restriction which says if one speaks against war, he is a traitor and jail is the best place for him) there are indications of a deep rumbling beneath the surface.

The war, to a great extent, has palled upon him. He is, by nature, a rather peaceful sort of a person. He is not interested in, neither does he understand, the blurb the psuedo-intellectuals hand out for foreign consumption about Japan's need for expansion because she is cooped up on a volcanic group of islands....that Japan must chastise the Chinese government, (because he never knew they needed chastising)....that his government, after they had conquered China, would see that he had a full rice bowl, with a bottle of *saki*, (because before the war he always had his bowl of rice and his bottle of *saki*). He registers no more than a preplexed blink when the *samurai* bellow that the "Japanese are God's Chosen People, and are destined to rule the world." Such political bleatings are no concern of his. All he wants to do is to farm, fish and sell his customary amount of knick-knacks and trinkets within a small radius of his shop.

True, such a fellow does not represent entire Japan. But he is the great bulk of Japan, and he is the fellow (the farmer, the fisherman, the petty merchant) who supports the government, and foots the war bills.

He's Not the One You Hear

He is not the fellow who does the talking when you read saber-rattling statements by Japanese in your newspapers. He is not the chap who sends curt notes to Washington, ultimatums to Moscow, refusals to London demands, caustic replies to Paris. He is just the man who pays the salaries of these handful of jingoists, and all the time wonders why.

He is that stooped man, with gnarled fingers who goes on farming, fishing and selling his wares while his government piles load after load upon his back so that the military and naval students whose education bill he has already footed, can test their cannons against a helpless civilian Chinese population, a not so finely-equipped Chinese army.

He is just the Japanese who pays and pays, and some day is going to wonder why. When that day comes, it will be, perhaps, a sad chapter in the history of Japan.

However, as the situation stands at present, with the lowly Japanese unable to express his growing resentment, the government, when it gets through with him, will not have left him "a leg to stand on;" which, of course, will make little or no difference since he will not have a shoe left, anyway.

And so it goes: day by day, the Economy Axe descends closer and closer toward the nape of his neck. Free labor service by students, tightening of the anti-profiteering regulations, a ban on the construction of new school buildings, a campaign to encourage the consumption of whale-meat, and extension of the drive for the "purification" of public morals. These are among the latest measures "Brain-Trusters" have evolved as part of the "spiritual and material mobilization of the people."

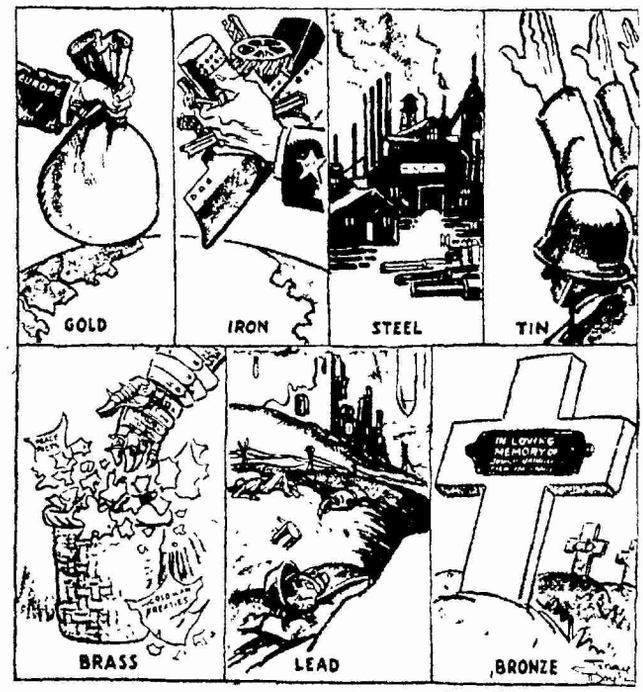
From various sources, the *China Weekly Review* presents another collection of Japanese government restrictions:

Dogs and cats rabbits and rats, are to play a part in this "mobilization." The authorities, according to the Japanese press, intend to appeal to the people to preserve the skins of these creatures, "which, tanned and properly treated, become perfectly passable for many uses, such as knapsacks for soldiers and linings for coats." As a result of this prospect, dogs, cats, rabbits and rats have acquired a new commercial value. A dog, it is stated, ought to be worth five to seven yen, a cat 90 sen to one yen, and a rat five to 10 sen. The possible value of rabbit is, for some unexplained reason, not specified.

Purification Comes in Handy

One of the main features of the country's "spiritual mobilization" is the drive for the "purification" of public morals, in which the Tokyo police are taking a zealous lead. Their latest order is that, by August 31, all girls

THE METAL AGE



Doyle in N.Y. Post.

between the ages of 15 may no longer be employed in tea rooms, safes and other places of amusement situated within 300 meters of schools, colleges and universities.

Uniformed policemen have been posted at Tokyo dance-halls to insure that patrons give true information in registering their name, age, address and occupation, as they must under a recently promulgated order. The police have found a number of persons giving the names of figures famous in Japan's history, for example Kiyomasa Kata,, a distinguished general, and Iyeyasu Tokugawa, founder of the Tokugawa Shogunate.

The metropolitan police have expressed their disapproval of western-style revues in Japanese theaters. Theaters have been warned that the hula hula, the can-can and even the rumba and the carioca "had better be performed with extreme restraint or they will be prohibited."

Taking a leaf out of Tokyo's notebook, the Yokohama police have ordered dance-halls there to close at 10.30 p.m. This order, according to Inspector Yoshida of the morals squad of the Yokohama police, is to be enforced on all occasions, "'even at Christmas and New Year."

"This regulation," he told interviewers, "may be inconvenient for some foreigners, particularly sailors who have an exceptionally keen interest in dancing. Dancing, however, is a imported diversion, which is much

against the nation's disciplinary code. Some persons even advocate that it be banned entirely in this country. We have no intention to ban it completely at this juncture, but we may do so in the future if we deem it necessary."

Japan's wartime economies affect all classes, even members of the Imperial Family, who, in the words of the Japanese press, "are setting a gracious example to the people." The Empress Dowager has instructed her Household: "Withhold new orders as far as possible, and if new ones have to be placed, select Japanese-made articles." The Empress Dowager ranks as the first member of the Imperial Family to wear clothes made of staple fiber, a number of her dresses containing this material. She is also encouraging its use among her ladies-in-waiting.

The Prince Gets An Idea

Prince Chichibu, younger brother of the Emperor, has taken the lead in the "save-fuel" campaign by ordering a charcoal-driven private motor-car. Various members of the Imperial Family have cancelled their annual summer holidays, while some of them are using trams, buses and trains instead of motor-cars.

Construction of new school buildings has been banned, the prohibition applying not only to schools under the jurisdiction of the Ministry of Education, but also to private institutions.

At the same time, a campaign has been launched to stimulate the consumption of whale-meat instead of beef, pork and poultry. Plans are being worked out to have whale-meat served in restaurants and hotels, and to encourage its consumption in private homes. Japan, it is pointed out, accounts for nearly 30 per cent of the world's annual catch of about 34.000 whales.

The program to celebrate the 2,600th anniversary of the establishment of the Japanese Empire, which falls in 1940, has been severely curtailed. Work on commemorative memorials and books has been virtually suspended, while six domestic expositions scheduled to take place in 1939 have been cancelled.

Free labor service is another wartime economy. Recruits are drawn chiefly from the ranks of students, both boys and girls, who devote several hours a week to keeping trees in streets and parks properly pruned, and performing other useful tasks.

As part of the anti-profiteering campaign, the use of price tags on almost all kinds of goods has been made compulsory. Tags are required even for ice, fish, firewood, electric bulbs and boxes of matches. A force of "economic policemen" has been formed to see that these and other anti-profiteering regulations are anti-profiteering regulations are properly enforced.

The Navy has exempted its officers from wearing full or ceremonial uniforms for the duration of the "Incident," as the war in China is still referred to in official quarters. Naval officers have been ordered not to buy new shoes until this becomes absolutely necessary Civilian employees of the Ministry of the Navy and other Navy offices have been given permission to go to work in wooden clogs if they so choose.

The Ministry of Home Affairs has ordered policemen throughout the country to make the longest possible use of their present equipment. Gold-plating for saber-handles has been discarded, and artificial leather is to be used instead of the genuine article in making belts and other equipment.

Policemen have also been given permission to wear wooden clogs or even straw sandals instead of leather shoes.

Japanese scientists are busily working to find substitutes for materials banned from public use, especially leather, petrol and rubber, while voluntary measures to help in the economy campaign have been adopted by individuals and organizations.

Perhaps the best example is the decision of 1,400 girls of the Women's College of Japan, in Tokyo, to forego permanent waves until peace has been restored. This decision is stated to have been taken because of the desire of the girls "to demonstrate their consciousness of the national crisis." A number of the girls sketched "emergency" coiffures, and two of these, considered to offer a modest improvement on the plain style worn in Japan at the beginning of the century, were adopted.

Nation-wide economy movements also have brought a response from representatives of more than 100 organizations, including the Ex-Service Men's Association and the Patriotic and National Defense Women's Associations. They attended a ceremony at the Ministry of Education building to renew their resolution to "simplify the daily life of the nation" by perusing the Imperial Rescript given to the nation on July 7, the first anniversary of Sino-Japanese hostilities. They wore ordinary dress and patriotic badges issued by the Life Improvement committee.

A ban on the admission of women visitors to dance-halls is the latest measure introduced by the Tokyo police as part of their contribution to the "spiritual mobilization" of the people.

A singular amount of attention is being paid by various bodies to the morals of students. This was strikingly illustrated at a meeting of delegates of the National Chastity League and other organizations. Students, a delegate suggested, should not be allowed to go to cinemas or read magazines.

A Hair-Raising Idea

Mrs. Yayoi Yoshioka, Japan's leading woman surgeon, suggested that students should be encouraged to have Army-style haircuts "since this would help to conserve the nation's oil resources."

Concrete resolutions were passed at a meeting of one of the committees of the Central League of the Spiritual Mobilization of the Nation. This body, ponderously entitled "the Committee on the Imporement of the Mode of Life Under the Prevailing Extraordinary Situation," decided to recommend for general enforcement the following proposals:—

1. To make the most of articles in daily use, and to refrain from buying new ones.
2. To dispense with the custom of exchanging presents at New Year and other customary occasions.
3. To wear simple clothes on all occasions.
4. To hold feasts only when absolutely necessary, and, even then, to limit the number of dishes served.
5. To close restaurants, theaters and other places of amusement at 10 p.m. in summer and 9 p.m. in winter.
6. To discontinue the use of Neon signs and other advertising illuminations.

"Art is constant and time is fleeting," Japan's Education Ministry officials agreed in deciding that Japan's annual art exhibition will be spared the war-time economy axe. At a conference the Ministry officials ruled that the second Cultural Art Exhibition will be held this fall as scheduled from October 16 to November 20. The final decision was left in the hands of Gen. Baron Sadao Araki, Minister of Education, who maintained that the exhibition should be held because of the "necessity of making a special manifestation of racial spirit in art at the present time."

Visiting the village of Chihaya, Minami Kawachi-gun, Osaka prefecture, whose residents have resolved to save Yen 50,000 to aid the state financing through economizing on hair cuts, a *Osaka Mainchi* reported discovered that the campaign toward the objective was vigorously underway already. The *Mainichi* man was welcomed by Mitsuji Sugita, who has been the village master for the last 20 years.

Villagers were seen having their hair cut in the open air without the facilities of the barber shop. Each took turns having his hair cut and doing the cutting. The village master declared proudly, "We have been a poor village until about 20 years ago when the farmers' cooperative union was first set up. But now the 473 households in the village have saved up about Yen 470,000 and everybody is better of except the mountain keepers and beggars."

The village master was then asked about the barbers of Chihaya and their loss of business due to the decision to close-crop the hair.

A "Far-Sighted" Barber?

"On the contrary," declared Mr. Sugita, "the barber is glad of our move. There is only one 60 year old barber in the village, Kotaro Matsuo, who has a wife 30 years younger than he. He came to the village about 30 years ago and has made quite a lot of money, buying a Yen 1,000 house and a farm for Yen 500. Recently he

leased a 1.5 acre orange orchard. Yes, he is very prosperous.

"Anyway" continued the village head, "he is not used to stylish hair-cutting and besides one can never depend on him because he has very bad eyesight."

The *Mainichi* reporter was also told how the villagers have substituted cut tobacco for cigarets and have decided not to make new clothes.

New Gasoline Control

The control over the consumption of gasoline is about to be further strengthened. On the basis of returns of the investigations which it has conducted with the cooperation of the Ministry of Railways and the six principal cities in the country, the Ministry of Commerce and Industry has decided to cut the consumption of gasoline by buses by 10 per cent as from August 1. Taxis on hire, private cars and trucks are also to be further restricted in the use of gasoline while the consumption of fuel by excursion automobiles is to be cut by as much as 50 per cent.

The Municipal Electricity Bureau which has shortened the hours of operation of buses and abolished some of the bus lines in order to observe the Government's fuel economy policy, suspending the operation of 150 buses and economizing gasoline, is now planning to place charcoal-run buses on various lines and expected to make 52 charcoal-run buses within the month of August to be placed on the main municipal line.

The Showa Steel Works is now undertaking the third-stage and fourth-stage production expansion plans with a new product scheduled to come out in October. In parallel with those production expansion schemes, the steel concern planes to start the fifth-stage and sixth stage pig iron production increase programs in the coming fall. The fifth and sixth production increase schemes call for the expansion of the total pig iron production by 1,600,000 metric tons by 1941, thereby advancing the annual whole pig iron production of the company to 3.600,000 metric tons.

Use Coke-Furnace Gas

Gas available from the coke furnaces in the course of the pig iron production has been utilized for the manufacturing of by-product items such as ammonium sulphate, benzol and creosote. In the utilization of surplus gas to be obtained in the fifth-stage and sixth-stage production schemes, however, the company is expected to change its original program, but to allot it to the production of synthetic liquid fuel by the Fischer process. In this connection, the Imperial Fuel Company is negotiating with the Mitsui Interests for the transfer of the Fischer process patent which the latter possesses. Upon the conclusion of a contract between the two parties concerned, the Showa Steel Works is expected to open official negotiations with the Imperial Fuel for the use of the Fischer process patent. Upon the consummation of the fifth-stage and sixth-stage production plans, annual production of synthetic liquid fuel by the utilization of coke-furnace gas is estimated to total some 200,000 metric tons.

West China Becoming Mecca for Foreign Traders

BY HIN WONG

OPEN discussions, an assurance that local interests would be hastened rather than retarded, plus aid rendered for the benefit of permanent residents by new arrivals, all have come to help in the destruction of the artificial "great-wall" of Szechuen erected against external penetration, economic as well as political.

A south-west industrial league with provisional head-office in Chungking, has been organized as a result of the recent visit of an industrial group from Shanghai and Hongkong representing the interests of those capable of investing in the various sections of the south-west, particularly Szechuen.

Visitors possessing technical ability and financial power, told Szechuenese political and industrial leaders that local communities must give as well as take before the best results may be obtained in the coming reconstruction of China through economic developments. Members of the south-west industrial league are to meet regularly in order that information may be changed and views expressed informally in order to remove any possible misunderstanding before serious effort in any important enterprise is undertaken. It is expected that similar meetings will be held in various parts of the south-west, wherever outside capital is invited for local investments.

Since the beginning of 1938, many Chinese banks have opened branches or offices in different parts of Szechuen; and among the recent arrivals into local financial circles are the Shanghai Commercial & Savings Bank, the Bank of Communications, the Kincheng Bank of Tientsin, and others. Aside from Chungking and Chengtu, where some banks have warehouses and godowns in readiness to grant loans on products as well as other forms of security, Neikiang, Wanhsien, and Tzeliutsing are also becoming attractive to bankers. Neikiang is well-known for its production of sugar; Wanhsien, for its export of tung, or wood oil; and Tzeliutsing, for its great salt output.

Some salt producers of the old school in Tzeliutsing, however, have been causing misunderstanding among those looking for investments in Szechuen by their unreasonable opposition to the establishment by the Chiu Ta Tsing Yen Company of Tientsin of a modern factory there, on the grounds that operation of the latter might adversely affect the trade of the former.

Offer of Overseas Chinese

In Neikiang, overseas Chinese have offered to participate in the projected $3,000,000 modern sugar mill; and one of the active sugar chemists working there is a Cantonese, a graduate of Yenching University in Peiping. On account of the difficulty in shipping from the south of a 1,200-horse-power machine to Neikiang, the new company is now working on improvement of existing machinery. Szechuenese and other workmen experimenting in the imitation of imported articles, especially in bicycle, automobile, and electrical accessories, are expected to undertake larger schemes.

Not only Chinese from the south and east are looking toward Szechuen and other parts of west China, but European corporations, organized under the laws of Hongkong who, following the present policy in Sino-foreign relations of giving Chinese greater responsibility in all international co-operation, have been sending their Chinese agents here to study conditions. Insurance business of various forms, transportation material and machinery, public works of all kinds, appear to interest Chinese-foreign firms. Some enterprising but still cautions southerners have already arrived in Chungking, but they are "waiting to see" before moving their capital westward. When southern spirit begins to move, it will mean rapid movement and effective schemes in other parts of China; and southern spirit is capable of directing a defense war and a reconstruction program in China at the same time.

Europeans are also on the increase in Chungking and other parts of west China; and today, the wartime Chinese capital has a foreign population of some 320, the previous record being less than 200.

Chinese today, including those in the west, are now particularly interested in the extension of their foreign trade relations. French interests have been pushing a railroad scheme which may eventually link up with Indo-China through Kunming, in Yunnan, while some engaged in Chinese-British trade would like to see an early realization of a public, if not a railroad, highway to the sea from Yunnan by way of Burma, a territory under British rule for the time.

New British Envoy

It is quite a happy coincident, in the present stage of Chinese-British relations, for the British Government to have just assigned to Chungking a new consular representative in Mr. William Stark Toller, O. B. E., succeeding Mr. E. W. P. Mills, consul-general, who has just returned home on furlough, after being stationed five years in Szechuen's trade port. Mr. Toller has been in Chungking on numerous occasions; in 1910-1911, as acting vice-consul; from May 31,1918, to May 9, 1931, as acting consul; and for a time in 1930, as acting consul-general. He assumed full charge of the British Consulate-General in Chungking, as acting consul-general, July 4, 1935, his jurisdiction including Kweichow, as well as Szechuen with more than 400 British subjects in these two provinces Mr. Toller has also been either attached to, or in charge of, a number of consulates in other parts of China, including Swatow, Pakhoi, Ningpo, Nanking, and Shanghai; and before coming to Szechuen, he was in Yunnan.

Since the closing of Shanghai to upper Yangtsze trade after the beginning of the Sino-Japanese conflict, the British Consulate-General in Chungking has been given heavier work, as Hongkong has replaced Shanghai as a transhipping point for many Szechuen products by way of Wuchang, the Canton-Hankow, and the Canton-Kowloon railways. At present, the Szechuen Trade Bureau, the Szechuen Travel Agency, and other Szechuen trade organizations have offices in the British colony. Both the Eurasia and the China National Aviation Corporations maintain daily airline service between Hongkong and other west China centers, including Chengtu and Chungking.

It appears that machinery and channels of communications are being fast prepared to promote larger trade and industry in west China, but enlightened policy and wise leadership have to come in to assure the fullest measure of success.

Chungking, July 15, 1938.

Soaring Costs of Living Leave Mark On City

THE war has left a deep imprint upon Shanghai's pocketbooks. The actual hostilities, however, were only a contributive factor to Shanghai's economic plight. The aftermath of war, with a continuance of trade-stifling, has left the city's business firms in an unfavorable position. Most damaging of ail, however, has been the fall in value of the Chinese dollar.

In a comprehensive survey of the situation, the *China Press* has found that:

Living costs here have increased by 15 per cent.

Power bills will go up 24.45 per cent.

Temporary increases in gas and water rates are being studied.

Many large companies, along with the Municipal Council, have, and many are considering, raising salaries of employees to meet the higher cost of living.

The *China Press* survey showed:

Following the example set by the Shanghai Municipal Council after the Chinese dollar had taken its greatest decline in recent times, most of the city's larger employers have either put into operation already, or have under consideration, salary revisions which are expected to improve the lot of the white-collar men paid in local currency. The Shanghai Municipal Council, which is the city's largest employer, put its revision plan into operation nearly two months ago, and employees in the Council benefited to the extent that all of their foreign currency commitments, such as insurance, were covered by an adjustment.

Voluntary revisions by numerous merchant firms followed in rapid succession, and although the bases of the adjustments varied, the general result was the same. Most favored by foreign firms is a sliding scale, whereby those who come within the lower salaried bracket receive the most relief; the higher the salary, the less increase given. Other firms have introduced a sterling base, varying from 1s. 1d. to 1s. 3d. to the dollar, and affecting all employees paid in local currency. Still other firms have introduced a flat rate of increase, between ten and fifteen per cent.

Waterworks Plan Raise

It was learned that revision of salaries has been given the closest consideration by the city's five big utility companies. Members of the staff of the Shanghai Waterworks have been notified that the matter is under consideration and that an announcement by the management may be expected in the near future. It will be recalled that when an adjustment of wages was made by the Shanghai Waterworks Company in 1936, an assurance was given by the directors of the company that any future exchange fluctuations would receive the attention of the company.

While any adjustment in the near future may not depend entirely on the exchange situation, it is understood that individual cases will be treated on their own merits, with the object of extending assistance to those who need it most. One well-known firm of engineers and constructors has introduced its wage revision by restoring wage cuts enforced when the economy ax was wielded in a city-wide sweep two and a half years ago.

"Our business by no means justifies an increase," said the head of this firm, "but we cannot ignore the fact that many of our employees have suffered heavily as the result of exchange and the depreciated buying power of the dollar. In times such as these, it is up to employers to rise to the occasion in a spirit equal to that shown by employees when the depression was at its height. Employers would be ungrateful indeed if they did not."

In a number of cases investigated, it was revealed that some firms are making private agreements with individual members of their staffs in order to ensure an equitable adjustment.

Living Costs Go Up

Cost of living in Shanghai has increased by more than 15 per cent since the beginning of May, comparison of rent rates and compradore price lists showed July 23.

Butter, coffee, cheese, flour, canned milk—in fact each and every imported household commodity has been affected by the exchange situation to a varying extent. Prices of necessities have been increased no less than those on luxuries, and even the humble breakfast porridge costs more to make today than it did two months ago.

Shop compradores believe that the top has not been reached yet. "Many general stores are still selling stock bought at the old rate of exchange," declared the owner of a chain of stores. "Once this stock has been sold out, prices are bound to show another increase. It is inevitable that they will be affected by the exchange."

There has already been a general increase in apartment rentals in both the Settlement and Concession, and it was indicated at a meeting of the Shanghai Property Owners' Association last week that an extension of the upward movement in estate rents can be expected in the immediate future. Higher costs of coal and the boost in operating expenses are blamed by estate owners and apartment house owners for increased rents, which have been raised from ten to as much as 25 per cent by some firms since the beginning of June.

Utilities Study Increases

Temporary increase in gas and water rates are now under consideration by the Shanghai Waterworks Company.

It is understood that officials of the Shanghai Gas Company have already submitted their case to the Shanghai Municipal Council which, after examining the request of the firm, has approved the increase in principle. The Shanghai Gas Company is now making arrangements with the French Municipal Council in order to secure the latter's approval for the increase. At the same time, the Shanghai Waterworks Company is also understood to have approached the Council on the subject of rate increase. Negotiations and examinaitons in the case of the waterworks are yet in a preliminary stage and no definite decision is likely to be forthcoming before the end of this month.

As in the case of the rate increase of the Shanghai Power Company, which on June 22 announced a temporary increase of 24.45 per cent, the projected raise in the water and gas charges is made imperative, according to officials of the two utility firms, by the depreciated value of the Chinese currency and the sudden rise in the cost of coal and imported machine parts, oil and items. Both the Shanghai Waterworks and the Shanghai Gas Company are entitled, under the terms of their franchises, to ask the Council for relief in the form of increased tariff.

According to advance information, the increase of the gas company will be in the form of a further increase of its present 15 per cent surcharge which went into effect on February 1. It is understood that the additional surchage will be small, probably around the maximum of 5 per cent. In addition, a small meter rentral will also be instituted when the rate rate increase goes into effect. Although no date has yet been officially announced for the gas rate increase to go into effect, company officials expressed the belief that the jump may become effective on about August 1.

The form of increase of water rates is still under study by the company officials. Some kind of rate hike is unavoidable as a result of the present currency situation, it was revealed.

Meantime, it was learned from an official of the Compagnie Francaise de Tramways et d'Enclairage Electriques de Shanghai that no decision has yet been taken regarding rate increase for either electricity or water in the French Concession. The official added that his firms has thus far made no request to the French Municipal Council for permission to raise their tariffs.

Realty Market Unhealthy

Reaction to the aftermath of hostilities, concentration of industrial enterprise in the Settlement south of Soochow Creek and the uncertain trend of exchange have created a novel situation in Shanghai's real estate market.

Briefly, the present position is that while there has been a steady improvement in the market during the past five months as the result of demand for accommodation by industrialists, there have been no real transactions owing to the unwillingness of strong owners to sell. By far the larger part of transactions made during the past month have been "distress" deals, in which the owners have been compelled to realize in order to forestall foreclosure on mortgage.

With the northern and eastern districts still closed so far as industrialist and the general run of people are concerned, the Settlement south of the Soochow Creek is undoubtedly seriously overcrowded by population alone, and added to this is a strong demand by industrialists, both Chinese and foreign, for factory sites in the western district, in which land values have clearly showed appreciation recently—as much as 25 per cent in some cases. But while this demand is growing steadily, the recent exchange fluctuations have created a feeling of uneasiness among landowners, and only those who are compelled to do are willing to sell. Owners who are able to hold out are doing so in anticipation of a rise in the market, which they believe is not yet appreciative enough of the drop in exchange.

Yet another curious angle to the situation is provided by financiers, who are observing extreme caution in accepting land as security against loans despite the demand. Mortgages in local currency are difficult to obtain, and in foreign currency practically impossible. Here again, it is believed, is shown reaction to exchange uncertainty.

Although transactions have been steadily increasing during the past five months, they are by no means as frequent as they would have been in normal conditions and with the demand as strong as it is. Recently there have been eight to 12 transactions a month, but they do not represent much more than a million dollar worth of property, whereas, according to the demand, there should be a turnover of anything up to five or six million dollars a month. It will be recalled that in the 1931 boom, transactions reached 10 to 12 millions a month regularly, and in one month actually went to $26,000,000.

In addition to the effect of the strong demand for industrial sites, apartment estates are enjoying a period of unprecedented prosperity and are further strengthening the realty market. It is anticipated with good reason that an increase of rentals may be expected all round in the near future, as a serious leap in

operating costs will have to be met by apartment house owners. Chief among the causes of increased costs is the rise in the of coal, which will have a tremendous effect on rents with the approach of winter.

While land values in the Settlement have shown remarkable fluctuations since the outbreak of hostilities, those in the Concession have been almost consistently steady, concluded the expert. There is a general feeling among investors that the French administration has handled the local political situation in a highly satisfactory manner.

World Aid for China's Fight on Disease and Hunger

MORE than 1,000,000 Americans in 2,000 cities in the 48 states of the Union turned out on June 17 for the Bowl of Rice parties held under the auspices of the United Council for the Civilian Relief in China on behalf of Chinese war refugees.

While *Havas* reported that Col. Theodore Roosevelt, Jr., head of the council, said it was still impossible to estimate the total sum raised but that the drive was one of the greatest ever launched for humanitarian purposes in the United States, Father Jacquinot, China's foremost refugee worker returning from a trip to America, said in Yokohama that U.S.$700,000 had been donated. The money is being sent to Major Arthur Bassett of Shanghai. Chairman of the American Advisory Committee in China. This latter committee will allocate the funds to recognized civilian relief agencies faced with the problem of caring for 60,000,000 destitute refugees.

The Bowl of Rice parties collected sums ranging from ten cents to six dollars from all who attended the street festivals, balls, dinners, baseball games, hay-rides and other events staged by thousands of local groups.

San Francisco, with the largest Chinese community in this country, reported the largest turnout. Paul Smith of the San Francisco Chronicle, Chairman of the Golden Gate Party, reported that more than 200,000 people crowded into China-town, stopping all traffic and creating a serious problem for the police. Sailings from the port were delayed and dozens of people caught in the mass of human beings missed their boats. The party netted more than $50,000. In New York, where all of China-town was roped off for a gala street festival, more than 30,000 people participated or looked on from vantage points on surrounding buildings. In Chicago, a great crowd filled the vast exposition hall of the Holte Sherman. More than 2,500 attended the party in Scrantch, Pennsylvania.

At Birmingham, Alabama, the Municipal Auditorium was converted into a Chinese temple for the occasion and over 10,000 people attended the festivities organized there.

Labor Unions Take Part

In Washington, D.C., socialites and organized labor groups joined in an unique ball at a downtown hotel, while a Louisville, Kentucky, the local leaders of the A.F. of L. and the C.I.O. acted as co-chairmen and reported a great success. Similar results were mentioned in despatches from Pittsburgh, St. Louis, Boston, Baltimore and hundreds of smaller cities.

The flood disaster in Central China, now adding its toll to the horrors of the conflict, aroused the sympathy of people in Mississippi particularly, as these have often suffered from the flood waters of their great river. Highly-successful Bowl of Rice parties were, therefore, held in many Mississippi towns.

Col. Roosevelt announced that many parties were still on the schedule, and he said that the present total of 1,000,000 participants will probably be exceeded by far.

Nations Aid China Cholera Flight

The China Health Administration has applied to the secretary-general of the League, under the scheme for collaboration by the League in the control of epidemics in China, for assistance in obtaining as soon as possible 6,000,000 doses of cholera vaccine. The vaccine is required for the purpose of curbing the rapid extension of the epidemic among the population of China.

The secretary-general, after placing an order for the immediate delivery of 1,000,000 doses of vaccine at the nearest bacteriological institute, invited the collaboration of the national institutes of those countries participating in the work of the League's Eastern Bureau at Singapore, as well as those assisting in Europe and the United States. Hitherto, the Eastern Bureau reports, gifts of 500,000 doses each have been received from Australia and Ceylon, while the Pasteur Institute at Hanoi had previously donated 500,000 doses

From Europe, it is reported, the Serum Institute at Copenhagen, is donating 130,000 doses, the Institute Cantacubenett Bucharest 1,000,000, the School of Hygiene at Zagreb 500,000, and the Turkish Ministry of Health 1,000,000. The Egyptian Ministry of Health has dispatched 180,000 doses. The National Institute of Bacteriology at Buenos Aires has offered 200,040 doses, while the United States government has informed the secretary-general that the American Red Cross is shipping immediately 3,000,000 doses from America and the Philippines. The Philippine Shipment will reach Hongkong August 1.

Fighting Epidemics of China

For some years the Chinese Government, in pursuance of an agreement concluded with the League Council, has been carrying out a plan of technical co-operation with the competent League organizations by which it has been able to train Chinese administrative and technical experts and to consult foreign expert in connection with its policies of national reconstruction. With the beginning of the Japanese invasion, the Chinese Government's national reconstruction work was switched over to the immense enterprise of putting and maintaining China on a war footing. From the outset of the military operations, one of the most pressing problems was the care of refugees and the danger of epidemics. The National Health Ministry and the Central Field Health Station at Nanking were wrecked by air bombing at the beginning of the war. China's scanty resources in medical personnel and equipment were strained to the utmost by the needs of the Army. At the same time, the invasion of large areas of China and the devastation of numerous cities and villages set up great movements of population. Vast numbers of refugees, destitute and fleeing for their lives, became an urgent and grave problem for the Chinese Government, and even for neighboring territories, not least from a public health point of view.

On September 28th, 1937, the Chinese Government drew the attention of the Council of the League to this situation, and to the resulting danger of widespread epidemics. It requested that the plan of technical co-operation between China and the League should be adapted to this situation by concentrating primarily upon co-operation with the National Government and the provincial administrations in "the prevention and control of epidemics and the general relief of the civilian population and refugees."

The Assembly voted 2,000,000 Swiss francs for technical co-operation with the Chinese Government in carrying out an anti-epidemic campaign. Acting on instructions from the Council, a special Sub-Committee of the Health Committee met in October to frame a plan of action.

Under the plan adopted by the Sub-Committee, three mobile medical units have been set up to work in conjunction with the Chinese authorities in their respective areas who assume all political and administrative responsibility. The function of the League units is to advise and support the competent Chinese technical services.

The three medical units—the first under Dr. Mooser (Swiss), the second under Dr. R. C. Robertson (British), and the third under Dr. (Inspecteur General) Lasnet (French)—arrived in Hong-Kong early in January. The Epidemic Commission consists of the three Commissioners, together with a representative of the Chinese Government (at first Dr. J. Heng Liu, later replaced by Dr. Robert Lim) and Dr. Borcic (Yugoslav), the League of Nations Technical Adviser on public health questions to the Chinese Government, who has spent the last six years in China.

In his statement to the Epidemic Commission, Dr. Liu gave a vivid idea of the consequences of the war in terms of human suffering. The wounded, he said, could be counted by the hundred thousand, the homeless and destitute numbered millions, and there were many millions of sick who could get no medical care. Dr. Liu went on to promise the Epidemic Commission the utmost co-operation from the Chinese Government. He said that China's financial contribution towards the support of the units was already in the hands of the Commission, whom he assured that China would do her part in making the work a success.

Funds For War Relief

The Executive Yuan has made an appropriation of $3,000,000 to the War-Time Relief Commission for urgent relief of war refugees in the various war zones as well as for the Yellow River flood victims in Honan. The Executive Yuan has also appropriated another sum of $150,000 for war relief in Shansi, Chahar and Suiyuan.

The patriotic spirit of the Chinese in Java has been evidenced by their generous financial support to their homeland. In Batavia the *Sin Po*, leading Chinese vernacular, has under the energetic leadership of its managing-director, Ang Yan-gwan, been instrumental in raising over one million dollars in contributions from its readers and the general public, with further contributions varying from $4,000 to $10,000 a day continuing to pour in.

General Ma Chan-shan Active in Suiyuan

Interviewed "somewhere" in western Suiyuan, General Ma Chan-shan, hero of the Nonni River battle of 1931, expressed deep confidence in the ultimate success of China's campaign of resistance. During the recent fighting at Wuchuan and Kuyang, in northern Suiyuan, General Ma said, his troops, in close cooperation with the 35th Army under General Fu Tso-i, Chairman of the Suiyuan Provincial Government, inflicted heavy losses on the Japanese, more than 2,000 having been killed in recent weeks. Since the Japanese were routed, they have not ventured to launch another attack on the Chinese.

In order to alleviate the sufferings of the Chinese farmers, General Ma continued, his troops are now engaged in repairing and improving the farm irrigation system in western Suiyuan, in accordance with the Government's program of national resistance and reconstruction.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th issue of The Review.

June 22.—Warfare on Lunghai front held up by Yellow River floods; Chinese forces on eastern sector of Railway attacked Japanese airdrome at Kweiteh night of June 20. Railway east of Liuho entirely destroyed by Chinese mobile units.

June 22.—Severe fighting at Taihu, northwest of Anking; Japanese launched attack on city following capture of Tsienshan in attempt to drive into Hupeh province via Huangmei. Situation at Taihu said critical. Fighting also continued at Tikang, on south Bank of Yangtsze 30 miles to the southwest of Wuhu, but Japanese troops failed to make much progress.

June 22.—Several Japanese warships steam up Yangtse to within short distance of the boom across the river in vicinity of Matang. Fierce fighting north of Matang.

June 22.—On northern front, Chinese troops launching determined attack on Linfeng, southern terminus of Tungpu Railway in Shansi. Chinese vanguards nearing suburbs of Linfeng.

June 22.—Three strong lines developed in defense of Hankow; army of 60 divisions well contest Japanese advance. First line, running across Honan from Kunghsien through Hsu-chow on Ping-Han Line, to Kushih on Honan-Anhwei border, is to be under command of Gen. Tang En-po. Troops under Gen. Sun Lien-chung will defend second line, running diagonically in southeasterly direction across Ping-Han Railway at Sinyang. Behind second line, the third line will run in semi-circle from Wushengkwan on Ping-Han Line through Macheng, east of Hankow, across Yangtse to south bank, where determined stand will be made. Northern flank will be commanded by Gen. Cheng Chien, while Gen. Li Tsung-jen will command southern sector.

June 22.—Tokyo **Nichi-Nichi** reported "between 15,000 to 20,000 British troops have been secretly landed in Shanghai since late in May."

June 22.—Japan should be "fully prepared to face prolongation of present hostilities in China," Premier Prince Konoye warned Japanese people

June 22.—Quo Tai-chi, Chinese Ambassador at London, given D.C.L. degree by Oxford University.

June 22.—Namoa Island off Swatow occupied by Japanese marines (June 21).

June 22.—Gen. Chiang Kai-shek, interviewed at Hankow by a German newspaper correspondent, declares China resolutely determined to continue the defense against Japan, until China's aim of preserving her integrity has been accomplished, even if this should mean a struggle for years. Foreign Minister Dr. Wang Chung-hui also declared that unrestricted recognition of China's sovereignty is the only condition on which China will make peace.

June 22.—Japan's budget for 1938-39 fixed at Y6,092,475,000, of which the war allotment amounts to Y4,850,000,000.

June 22.—Tokyo Foreign Office spokesman denied Foreign Minister Gen. Ugaki was examining the question of a formal declaration of war against China, as reported by Tokyo **Nichi Nichi.** Japan may declare war if she should decide to discontinue her adherence to Nine-Power Treaty and Kellogg Pact, spokesman added.

June 22.—R. A. Butler, Under-Secretary of State of Foreign Affairs, declared in House of Commons that Great Britian was willing to mediate in Sino-Japanese hostilities, either alone or in conjunction with other Powers.

"Japanese military operations in China will not cease until the regime of Gen. Chiang Kai-shek collapses," declares Japanese Embassy spokesman in Shanghai. "Mediation will be unacceptable," was his comments on the Butler statement.

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June 23.—Once again flooding of the war area has saved the Chinese from a critical situation, and this time the countryside around Taihu, where the Chinese had been fighting desperately to stem threatened Japanese advance towards Hankow, is inundated. Anxiety for Japanese threat to Hankow and regarding Chinese position at Taihu temporarily relieved, as large-scale operations on Yangtse front are now impossible.

June 23.—Number of refugees as result of Yellow River floods at Chengchow and Chungmou, on Lunghai Railway, estimated at some 140,000, Government investigator finds.

June 23.—Ten thousand Japanese troops have been transferred to Shansi, via Chengting-Taiyuan Railway, during past few days. They consist mostly of troops withdrawn from Peiping-Hankow and Lunghai Railways.

June 23.—Chungmou and Yushih, southeast of Chengchow, recaptured by Chinese.

June 23.—Chinese concentrate air force at Hankow in preparation for possible Japanese attack. Some 80 bombers and 100 pursuit planes either have already been concentrated in Hankow or are on the way. One hundred more bombers have been promised to arrive before end of June, while 100 French pursuit 'planes are stated to be now on way to Hankow from Indo-China.

June 23.—Order for evacuation of Government offices at Hankow to Chungking issued recently is withdrawn. Action reflects increasing optimism in government circles regarding safety of Hankow.

June 23.—U.S. Secretary of State, Cordelll Hull, announced that diplomatic representations were being made to Tokyo regarding report that American missionary, Dr. J. C. Thomson, had been slapped by Japanese sentry. Incident occurred at Nanking June 15, when Dr. Thomson riding in a ricsha was halted and searched by Japanese sentry.

June 23. Swatow twice raided by Japanese planes; civilian population evacuating.

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June 24.—Between 5,000 and 6,000 Japanese troops landed at Siangkou, 23 kilometers southeast of Tungliu, on southern bank of Yangtse. Landing caused much anxiety in Hankow, as Japanese were expected to launch drive on south bank overland to the boom at Matang and attempt to outflank Chinese shore batteries protecting the boom.

Three Japanese warships said to have been hit and set on fire during Chinese air raid over Tungliu yesterday.

Counter-attacking, Chinese troops on north bank of Yangtse have repulsed Japanese troops at Taihu and forced them to retire in direction of Tsienshan.

Several Japanese warships proceeded up Yangtse yesterday and reached Matang. After exchanging fire with Chinese shore batteries, the vessels withdrew down river.

Japanese forces in Shansi renewed their attempt to advance towards Yellow River crossings in Shensi and Honan.

June 24.—One Chinese killed and five wounded in two shooting incidents in downtown districts of the International Settlement, Shanghai. Scenes of shootings were offices of Chinese lawyer Wu Cheng-yu on Lloyd Road and Sun Sun Hotel on Nanking Road.

June 24.—Bishop Logan H. Roots of Hankow Episcopal Church declared June 2 when he arrived at San Francisco "I think China will demonstrate to the world that arms are not necessarily supreme. China is showing a determination to build a new spirit among her people, constructive, creative and high-minded."

June 24.—Gen. Ugaki, Japanese Foreign Minister, appointed to additional post as Minister of Overseas Affairs.

June 24.—Japan urged to wage war on Soviet Russia by Fascist organization in Tokyo. One of many posters placarded generally said, "Red Russia is a more villainous enemy than Great Britain."

June 24.—Tokyo Foreign Office issued statement, virtually rejecting any contention by nationals of Third Powers in China that they are entitled ot claim compensation from Japanese Government for damage to their property sustained as result of current hostilities. American bombardment of Greytown, in Nicaragua, in 1854 cited as precedent.

June 24.—France would intervene if Japan should attempt to seize Hainan Island in violation of 1907 Franco-Japanese Treaty, declared spokesman of French Foreign Office yesterday.

June 24.—Foreigners living in Japanese occupied territories in China enjoy no special status because of their extraterritoriality treaties, declared Japanese Embassy spokesman in Shanghai. Statement made in connection with case of Dr. Thomson, who was assaulted by Japanese sentry in Nanking. Spokesman denied Dr. Thomson was slapped.

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June 25.—Japanese troops which landed at Siangkou, 23 kilometers southeast of Tungliu on southern bank of the Yangtse, said to be in full retreat following Chinese counter-attack. Both Siangkou and Siangshan recaptured by Chinese.

Japanese airdromes and warships and transports operating on Yangtsze river heavily bombed by Chinese aircraft. Destruction of 5 Japanese planes on ground at Wuhu airdrome and sinking of two Japanese gunboats above Anking claimed. Two Japanese transports also hit and set ablaze.

Squadron of 33 Japanese planes bombed southern section of Canton-Hankow Railway, causing death of about 50 villagers living near tracks.
Tunghing, border town between Kwangtung and French Indo-China, bombed by Japanese planes on June 23, according to **Domei.**
Complete occupation of Namoa Island, off Swatow, by Japanese effected June 23 without "a single casualty," declared Japanese naval spokesman at Shanghai.

June 25.—Koo Hsin-yi, pro-Japanese Chinese merchant and leading member of Japanese sponsored "Shanghai Citizens' Association," assassinated in French Concession. Assasins escaped police.

June 25.—Sun Fo, President of Chinese Legislative Yuan, now in Paris, said to have indefinitely postponed his return to China. Mr. Sun arrived at Paris recently from his second visit to Moscow.

June 25.—Hisao Shimotsu, news camerman of **Domei,** and Yusaburo Wakasuki, correspondent of Yomiuri **Shimbun,** were killed by Chinese bullets near Anking June 22, according to **Domei** report.

June 25.—"Total value of arms and naval stores consigned from Britain to Japan between June 1, 1937, and May 31, 1938, amounted to £108,246." declared Oliver Stanley, Chairman of Board of Trade in House of Commons.

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June 26.—Bitter fighting developed at Matang, strategically important town on southern bank of the Yangtse, and also at Siangshan, east of Matang. Japanese troops at Siangshan occupying positions northeast of the town, while Chinese forces situated to the southwest. The Chinese "attacking vigorously," in attempt to prevent the Japanese from establishing foothold on south bank of Yangtse. Later Chinese report claimed Japanese at Siangkou repulsed and city recaptured.

June 26.—Two Japanese cruisers being set on fire, four Japanese planes at Anking damaged and Japanese warship concentrations bombed as result of heavy Chinese air raid. Chinese bombers engaged in combat by Japanese pursuit planes, which were reportedly driven off by nine Chinese pursuit craft. Severe air battle also fought above Nanchang. Forty Japanese planes, in several groups, raided Chinese airdrome there, but were engaged by Chinese pursuit planes. Five Japanese machines claimed shot down. Japanese claimed "36 out of 50 Chinese planes either shot down or destroyed on ground in Nanchang."
Official communique in Hankow announced that Chinese bombers raiding Japanese airdrome in vicinity of Anking yesterday destroyed several Japanese pursuit craft on ground and also caused damage to one Japanese warship.

June 26.—Eleven **Hsien** (districts) affected by Yellow River Flood, according to Chu Ying-kwang, special government representative for relief of Yellow River Flood refugees.
Han River in Hankow rising; outskirts of city flooded

June 26.—Dr. Oscar Trautmann, German Ambassador, departed from Hankow for Germany by air on orders of Berlin. Chinese authorities declared Sino-German relations unaffected by Dr. Trautmann's departure. New Chinese Ambassador to Germany, Chen Chieh, said leaving for his post soon.

June 26.—Mongolians in Suiyuan offer to support China's resistance against Japan. "Mongolian Anti-Japanese Army" and "Mongolian People's Anti-Japanese Mobilization Committee" formed in Suiyuan.

June 26.—"Japan is prepared to carry on hostilities in China for 10 years if the war should last that long," declared Lt.-Gen. S. Itagaki, Japanese War Minister. "There is a possibility that Chiang Kai-shek may attempt resistance for the rest of life; in such an event we must be ready to carry on the fight," Gen. Itagaki added.

June 26.—Emile Vandervelde, veteran Belgian Socialist leader, in radio broadcast appeal at Brussels yesterday on behalf of China, advocates joint action by League of Nations and the United States for "safeguarding the independence of the Chinese."

June 26.—M. Tani, Japanese "Minister-at-large" at Shanghai, asserted France was giving aid to China "on a considerable scale." Tani arrived in Tokyo yesterday for conferences with Foreign Office officials.

June 26.—Shanghai-Nanking Railway to resume normal traffic in August, Japanese reports state.

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June 27.—Three Japanese warships claimed hit when six Chinese warplanes bombed Japanese naval concentration on the Yangtse in vicinity of Matang. One of three warships reported sunk, while the other two set on fire. Following Chinese airbombing, most of Japanese war vessels withdrew below Matang.
Every available Chinese aircraft in Yangtse valley, including heavy and light bombers and pursuit planes, has been mobilized in aerial offensive against Japanese warships, aircraft and troops participating in westward drive along the Yangtse, according to Chinese reports. As result of continuous Chinese airbombing, Japanese warships concentrated near Anking have now been forced to scatter.
Several squadrons of Chinese bombing planes raided Japanese airdrome at Anking, dropping bombs on 12 Japanese bombers which had just landed and allegedly destroyed all of them, Chinese reports claim. Three Japanese pursuit planes which made desperate attempts to break Chinese formation, were themselves shot down, the reports add.

June 27.—Hankow military spokesman stated that the "Japanese had broken through one section of the Chinese line at Matang." Japanese troops which landed east of Matang some days ago said trapped following fresh Chinese counter-attack, Chinese reports state.
The Japanese are continuing to rush reinforcements to Matang in attempt to seize Chinese fortified positions there on south bank of Yangtse.
Japanese attempting to attack Matang with two divisions as previous forces proved inadequate.
Using Kwangteh (Anhwei), as base, Chinese forces have advanced to points in vicinity of Nanking, and Chinkiang (capital of Kiangsu), claimed Chinese military spokesman at Hankow.

June 27.—**Daily Telegraph** published China Supplement containing articles by Gen. Chiang Kai-shek, Dr. H. H. Kung, Ambassador Quo Tai-chi, Dr. Kuangson Young, secretary-general of Chinese delegation to League of Nations. Among foreign contributors are O. M. Green and Edwin Haward, former editors of **North China Daily News** of Shanghai, Col. G. R. V. Steward, British officer formerly stationed in China.

June 27.—"The British and French Governments have made it clear to the Japanese Government that they regard any occupation of Hainan Island by Japanese forces as calculated to give rise to undesirable complications," declared R. A. Butler, British Under-Secretary of State for Foreign Affairs, in House of Commons.

June 27.—Regular air mail service between Shanghai and Tokyo to be inaugurated by Japanese on July 1, according to notice issued by A. M. Chapelain, Director of Chinese Posts.

June 27.—Chunta T. L. Chao, promiment Chinese resident and counsellor of British Municipal Area of Tientsin, murdered. Motive believed political as Mr. Chao was known of National sympathy.

Four-Day Air Service Between Tokyo-Frisco Planned

Transpacific travelers in the near future will be winging from Tokyo to San Francisco in four days if a project of the Ministry of Communications to link Japan and the South Seas by a fast air line are carried out successfully, it was revealed in Tokyo July 23. At the next session of the Diet the Ministry will seek approval for necessary appropriations to inaugurate a regular weekly air service to the mandated islands in the South Pacific.

Such a service would enable travelers to make connections with the China Clipper and the Philippines Clipper fo the Pan-American Airways which fly regularly between Manila and San Francisco. The projected South Seas air line will be an important step in carrying out the five-year civil aviation promotion plan of the Japanese Government.

The Japan Air Transport Company, under the supervision of the Ministry of Communications, proposes to establish the new air service on three routes. One would link Tokyo, Saipan and Palau in a nine-hour flight, another would connect Palau with Jaluit in five hours, and the third would link Palau with Takao, Formosa, a flight requiring eight hours. The ministry is mapping out a plan also to extend the northern route as far as Toyohara, South Saghalien by way of Wakanai, the Hokkaido. At present the northern route is limited to the distance between Tokyo and Sapporo.

An appropriation of Yen 7,000,000 out of next year's budget will be asked by the Ministry of Communications. Negotiations already have been started with the Finance Ministry. The Ministry of Communications will appropriate Yen 1,000,000 out of next year's budget for the extension of the northern route. The projected Tokyo-Palau line has the most importance as it would connect travelers with the American clipper planes provided arrangements can be made between the Japan Air Transport Company and Pan-American Airways. Palau is near Guam, where the clipper planes land.

China's Tourist and Foreign Trade in Sharp Decline

The avoidance of Shanghai as a port of call by Robert Dollar vessels and the luxury liners of the Nippon Yusen Kaisha line has almost completely killed the city's tourist trade, the *China Press* reported this week. Compared with last year, which, up to the outbreak of hostilities on August 13 was one of the finest traveling years recorded, the number of tourists coming in is less than 10 per cent.

It would appear logical that now, with the scene of hostilities far removed from this city, tourists from Europe and especially the United States would flock here to see for themselves the sights of which they read in the damily press during the local conflict. But travel in China is not encouraged abroad, particularly in the United States. The government has no desire to see Americans running loose on the war-torn soil of China, less they have a specific job or work toun perform. The possibility of unpleasant incidents is not yet remote. Besides adverse publicity given to travel in China in the United States, it is understood that the various little difficulties placed in the way of would-be travelers applying for passports also remove whatever incentive there may be to come any closer to the Far Eastern conflict.

Since Shanghai is no longer a port of call of Dollar liners and N.Y.K. boats, there does not exist any direct means of communication. The Canadian Pacific Steamship Company, which is at present enjoying more or less of a monopoly as the lone direct link between China and the American continent, is doing better business than before. But this increase in no way compares with the figures of last year. Americans, as is well known, have in the past formed an overwhelming majority of tourists to China. Today, the small number of tourists visiting this country still contains more Americans than the total of travelers of other nations.

And in the United States, while it cannot be said that the tourists themselves are afraid of visiting the scene of the undeclared war, there is little enthusiasm for travel in China. The general impression is that the places that can be visited lack interest, and however erroneous this impression may be, it is nevertheless strong across the Pacific. The general impression of local trans-oceanic steamship companies and tourist agencies is that the revival of the tourist trade in China will be simultaneous with the return to this port of the luxury liners linking this city directly with the United States. The fact that these vessels do not deem it advisable to call at Shnaghai in itself is sufficient to restrain tourists from making the trip, it is felt.

Imports Decline

China's foreign trade losses as a result of hostilities are vividly revealed in a Chinese Maritime Customs report covering the month of June and the first six months of the current year, issued July 23.

Imports from abroad for the whole of China during the period under review were valued at $444,071,634 as compared with $606,014,965 for the same six months in 1937. Exports from China to foreign countries for the first six months of 1938 amounted to $322,603,931 as compared with the much larger figure of $422,859,-251 for the initial six months of the previous year.

During the month of June of this year, imports into China from foreign countries were valued at $71,625,535 as against $114,675,736 for the same month last year. Exports from China to foreign lands during June of this year were valued at $74,385,898 as compared with $84,829,909 during the same month last year.

Chinese, German Facing Pass Fraud Charges

Suspected of having defrauded a Chinese merchant of $1525, F.K. Wittrack, 40, a German, and 10 Chinese were arraigned before Judge Te in the First Special District Court July 25 when a writ for their detention until next week was granted upon application by Mr. Paul L. Tsiang, municipal advocate. The German was arrested by Detective-Sergeant G. W. Wright at 481 Rue Lafayette on July 23, following the receipt of a complaint from one Zee Deehwa, proprietor of a sauce shop at 38-40 Route du Pere Froc. The 10 Chinese and two Formosans were nabbed in Room 319, Far Eastern Hotel on Yu Ya Ching Road. The Formosans were turned over to the Japanese consular police.

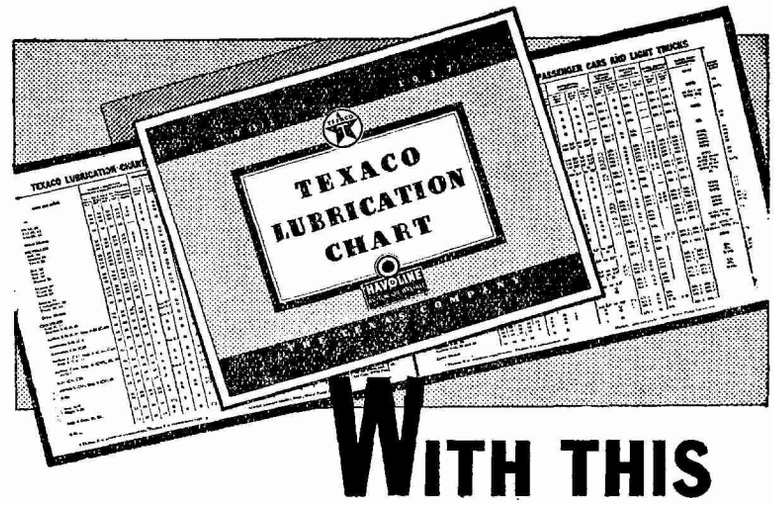
According to evidence produced in court, the merchant, who has a shop at 550 Hanchen Road in Yangtzepoo, was desirous of removing goods to his shop in the Concession and accordingly applied for a pass at the Shanghai Citizens Association. Hearing no answer, he sought the aid of the Shanghai Transportation Company. Before the issuance of a permit by the association, the merchant is said to have paid on different occasions a total sum of $1525 to the German and the Chinese. The merchant claims that the association actually carried out the removal of the goods from the Hanchen Road shop and therefore that the German and the Chinese had no right to receive a sum from him.

The merchant further alleged that the German and the two Formosans demanded an additional sum of $100 on various occasions. The German and Formosans are alleged to have threatened the merchant in addition to having assaulted the latter's mother.

The German pleaded not guilty, saying that he had neither defrauded the merchant of the money nor threatened him as charged by the complainant. The Chinese prisoners also pleaded innocent. It was revealed in the hearing that the merchant succeeded in removing his goods from Yangtzepoo through the assistance of the Shanghai Citizens Association upon the payment of $1900 as expenses.

American Mail Line Abandons Seattle-Far East Run, Report

Because of poor business, the American Mail Line, Dollar Steamship Company affiliate, has decided to abandon its Seattle-Far East run, reports current in Tokyo shipping circles said recently. Confirmation could not be obtained. With the disappearance of the States Steamship Line's vessels, formerly operating out of Portland, Ore., the suspension of the American Mail Line's services, would leave the N.Y.K. as the sole firm running ships beiween Yokohama and the American northwest. The Canadian Pacific Steamship Company operates out of Vancouver.



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U. S. Silver Aid to China Irks Japan

WHILE a report from Peiping this week alleged that Great Britain, seeking to forestall huge losses in Central and South China "subsequent to a collapse of the Chinese dollar," had launched maneuvers aiming at an international control of China's specie reserves, Secretray of Treasury Henry Morgenthau in Washington announced the extension of the treasury's understanding to purchase Chinese silver.

Morgenthau did not disclose the period of extension, but said that it would extend beyond August. The amount of silver to be bought under the new schedule will be substantially the same as the previous arrangement, while the price will be the official treasury price on the day the silver is delivered. China has been sending approximately U.S.$12,500,000 of silver coins each month.

The Peiping report said that the British government, hoping to secure American support for its species reserve control scheme, has openly encouraged the transhipment of 140,000,000 ounces of silver from London to New York. These shipments, the report said, were in excess of the amount set by the American-Chinese silver agreement specifying the purchase of from 250,000,000 to 300,000,000 ounces of silver by the United States from China during the period of May, 1936 to July 15 of this year.

The American attitude towards the reported British intentions for an international control of Chinese specie reserves is "still indefinite," the report asserted. The Chinese National Government, the dispatch added, has shipped $18,500,000 worth of gold abroad since the outbreak of the hostilities up to May 15 this year. Of this amount, $16,600,000 worth of the yellow metal was sent to London.

Large Silver Shipments

Silver shipped from Hongkong to London since last July to April this year totalled 320,000,000 ounces, whereof 190,000,000 ounces were being retained in London. Subsequent enquiries were said to have established that up to May 15, 140,000,000 ounces had been shipped from London to America with about 100,000,000 ounces left in London, *Domei* reported.

The amounts of sterling and American dollar currency purchased by the Chinese with this silver and gold in order to pay for war supplies could not be ascertained, the report stated. The collapse of the Chinese dollar, it was pointed out, would spell the ruin of large British interests.

Tientsin said that a report from Hongkong revealed that Chinese specie holdings abroad are estimated at $200,000,000. At the commencement of hostilities last year, the total amount was $728,000,000, the report said. However, an excess of payments of $416,000,000 was registered during the nine months beginning in July, 1937 and ending in March, 1938. Total expenditures during this period were estimated at $1,416,000,000 and the revenue at $1,000,000,000. Another $40,000,000 was spent for foreign specie after March, which will place the total excess of payments at $464,000,000, the reports said.

A *Domei* report said that with supply greater than demand, the price of silver is on the decline in Macao, while in Tokyo, the Central Price Policy Commission has passed a resolution urging the government to use part of the Bank of Japan's specie reserves to assure the smooth importation of raw materials needed for the manufacture of export articles. The Bank of Japan's specie reserves are estimated at 800,000,000 yen.

U.S. Mints Chinese Coins

Meanwhile, as reports reached Shanghai that the second consignment of $500,000 in silver coins, minted at San Francisco, will arrive in Hongkong by the middle of August, Shanghai heard that the California mint is busy turning out some 9,720,000 Chinese coins. Of these, 3,240,000 will be dollars, and 6,480,000 will be half dollars.

One of the leading officials of the Shanghai branch of the Central Bank said that the coins, ordered two years ago, might be released by the Government for circulation immediately on their arrival or, more probably, they might be held as a reserve fund. The coins were ordered as experimental token coins, he said. Information that the minting of the coins was nearing completion had been received in Shanghai some time ago, said the official, but owing to the dislocation of communications with Hankow, the destination of the new money had not been revealed to date. It was probable that the coins would be despatched to Hankow.

However, despite continuance of the war, China's financial condition remains strong. In contradiction to the Tientsin report that China's holdings abroad are $200,000,000, Chinese report that China has silver amounting to $2,200,000,000 stored in foreign countries, sufficient to finance the war for at least another three years.

The Chinese Government is paying about $1,000,000 every month to the Board of Trustees for the Administration of the British Boxer Indemnity Refunds. According to Han Li-wu, the London University trained Director of the Board, this payment has been made regularly since the outbreak of the Lukouchiao Incident last July. That he declares, is a remarkable achievement under the existing circumstances.

Interest payments on loans for 1938, amounting to about $4,000,000, which the Board had made to various government organs, have also been paid up. These payments represent the interest payable to a total investment of more than $80,000,000 in various government enterprises, including railways, highways, conservancy projects and electrical works.

New Central Bank Members

Meanwhile, the Central Bank of China received new members on the board of directors and supervisors. The new members of the board of directors are General Chang Chun, vice-president of the Executive Yuan, and Li Kuo-chin, general manager of the Central Trust of China, in succession to the late Messrs. Tang Yu-jen and Yung Tsung-chin, who died. The following were re-appointed for another term:

A.—Board of Directors:—

(1) *Members of Standing Committee:*

Dr. H. H. Kung, President of the Executive Yuan, Minister of Finance and Governor of the Central Bank of China; T. V. Soong, Chairman of the Board of Director of the Bank of China; Chang Kia-ngau, Minister of Communications and Deputy Governor of the Central Bank of China; Chen Hsing (Jian H. Chen), Deputy Governor of the Central Bank of China; Yeh Chu-tang (Yih Chu-tong), Managing-Director of the Central Trust of China; Tang Shou-min, General Manager of the Bank of Communications.

Hsu Kan, Administrative Vice-Minister of Finance.

(2). *Members:*

Yeh Chu-tsang, Vice-President of the Legislative Yuan; Wang Pao-lun, Managing-Director of the Bank of China; Chien Yung-ming, Assistant General-Manager of the Joint Savings Society of Yien-Yieh, Kincheng, Continental and China & South Sea Banks; Chen Kwang-fu (K. P. Chen), General Manager of the Shanghai Commercial and Savings Bank; Chou Tsung-liang, member of the Board of Directors of the Bank of China; T. L. Soong, General Manager of the China Development Finance Corporation.

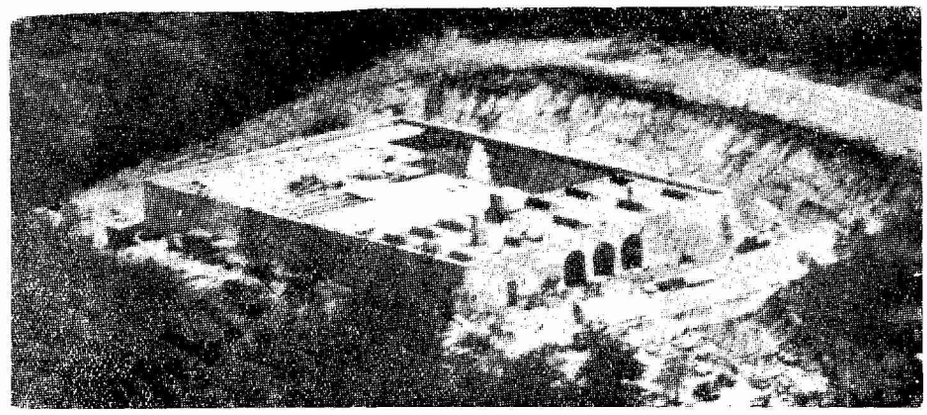
B.—Board of Supervisors:

Li Ming, General Manager of the Chekiang Industrial Bank; Yu Ya-ching, General Manager of the San Peh Steam Navigation Company; Lin Kang-hou, Secretary-General of the Shanghai Bankers' Association; Pei Tsu-yee, Manager of the Bank of China; Hsu Chen-mien, Managing-Director of the National Commercial Bank; Chin Tsu-tse (Chin Jun-ching), Managing-Director of the Joint Reserve Board of Shanghai Native Banks; Hsieh Ming-hsun, head of a Shanghai native bank.

New Trade "Epoch"

However, a sour note in China's present financial condition is the loss of three of its largest revenue-producing ports. The new customs tariff rates placed into operation by the "Provisional Government" of North China and the "Reformed Government" of Central China on June 1 have created a new epoch in the national trade of China, the Tokyo *Nichi Nichi* reported July 16.

WHERE SILVER FROM CHINA IS STORED



An air-view of the U. S. Treasury's new silver depository, nearing completion, where silver from China, Mexico, mines in the United States and elsewhere will be stored. The present value of silver to be stored in the vaults is equivalent to U. S. $860,000,000. The vaults are located directly beneath the United States Military Academy at West Point, N. Y., and are regarded as impregnable as the gold vaults at Fort Knox, Kentucky, which are surrounded by an Army reservation.

Attention has since been focussed upon the comparison of the revenues from the customs duties for the "Provisional and Reformed Governments" and for the National Government at Hankow. As far as the June revenue from the customs duties is concerned, the "Provisional and Reformed Governments" have far eclipsed the National Government at Hankow by taking 62 per cent of all the customs incomes for Whole China. While the increase in the customs duties serves to strengthen and stabilize finance, the two Governments are apparently embarassed to have the payments of foreign debts under the provisions of the Japan-British Customs Agreement. The total customs revenue of 18,400,-000 yuan for June for whole China may be divided as follows by major ports :

NEW "GOVERNMENT'S" SIDE : (In 10,000 yuan)—
Shanghai .....590 (32.22 per cent)
Tientsin.....420 (22.75 per cent)
Tsingtao ..... 65 (3.54 per cent)
HANKOW GOVERNMENT SIDE : (In 10,000 Yuan)—
Canton .....166 (9.04 per cent)
Kiulung ..... 94 (5.15 per cent)
Hankow..... 77 (4.2 per cent)

Thus, it is regarded as being inconsistent that the two new "Governments" which have not as yet been recognized by the World Powers have to pay back a greater amount of foreign debts of the country than the Hankow Government, the *Nichi Nichi* said. Under the circumstances, the re-examination of the Japan-British Customs Agreement is being urged.

Guerillas Commended for Recapture of Namoa

Dr. H. H. Kung, President of the Executive Yuan, has sent a telegram of commendation to Colonel Hung Chih-cheng, the leader of a Kwangtung guerilla force responsible for the recapture of Namoa Island, off Swatow, on July 11th. The telegram, which was transmitted through General Wu Te-chen, Chairman of the Kwangtung Provincial Government, highly commends Colonel Hung and his subordinates for their bravery and patriotism.

A recent telegram from General Wu Te-chen to the Executive Yuan reported that, during the recapture of Namoa Island, Colonel Hung's men succeeded in capturing several traitors and puppets, including Huang Lin-chi, Chairman of the so-called Maintenance Committee; Chang Chen-chin, the puppet police commissioner; and Pang Ku-ho, the puppet defence commissioner. Lin Yung-kwang, Vice-Chairman of the so-called Maintenance Committee, was executed.

Plan to Refloat S.S. Hsin Kiangteen

Arrangements are being made by William Hunt & Co. to refloat and recommission the s.s. Hsin Kiangteen, one of the vessels sunk by the Chekiang military authorities to form the boom at the mouth of the Yoong River at Chenghai, Chekiang Province, according a *Domei* report. The s.s. Hsin Kiangteen was one of the biggest and best ships on the Shanghai-Ningpo shipping service before the commencement of Shanghai hostilities. The firm recently sent two divers to Chenghai to examine the vessel's position, the report added. According to a report of the divers, the sunken ship was filled with stones, sand and mud and the task of refloating her would be extremely difficult. Experts expressed the opinion that it would at least take half a year to refloat her.

Water Route to Reopen in Western District

Communications by water between the Settlement and the western outlying districts, which have been interrupted for the past several days, are expected to be resumed shortly, permission having been granted by the Japanese authorities, according to Chinese reports. Restrictions imposed on travel by land from the western district to the Settlement caused many villagers and vegetable hawkers from the Peihsingking Village to come here by boats. This water route, however, was also closed several days ago for unknown reasons, the reports said, According to information from inland river shipping circles, the water route of the western district will be reopened to all traffic soon.

Freight Service to Be Resumed On Two Railways

Freight service on the Shanghai-Nanking and Shanghai-Hangchow Railways is expected to be resumed very soon, the railway authorities having brought to Shanghai rolling stock and locomotives from Peiping and Tientsin, *Domei* reported. At present, only passengers are carried on the two lines. Many requests were made to the railway management recently by Chinese merchants for the resumption of freight service so as to hasten the revival of commerce and industry in Kiangsu and Chekiang, the report said.

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FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA, AND HONGKONG

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Who's Who in China

李 根 固
Gen. Li Ken-ku

Gen. Li Ken-ku, army officer; born at Yinshan, Szechuan, 1875; graduate of a military school in Szechuan under the Manchu regime; joined the Szechuan provincial army and rose successively from captain to divisional commander; now Chief-of-Staff of Szechuan-Hsikang Pacification Commissioner's Headquarters; Commander of Gendarmes in Szechuan and Hsikang; Director of Chungking Peace Preservation Corps; Director of Chungking Air Defence; address: Kan Yuan, Outside Tungyuenmen, Chungking.

German Newspaper Says Japanese Response to War Weak

A remarkable comment on the effect of the Chinese war on the Japanese public after one year's duration was published in a front page article of the Japan correspondent of the *Frankfurter Zeitung* in Berlin, July 25. The campaign against China, the writer said, has not met with the same response among the population as the occupation of Manchuria seven years ago, especially not after the anticipated punitive expedition had developed into a real war, the end of which could not be foreseen even now after one year.

The *Frankfurter Zeitung* correspondent points to the restriction of the living standard caused by continuous price increases and by forced inclusion of officials and employees in financial measures of the war. As the main reason for this, the article mentions the insufficient raw material basis of Japan and the passive trade balance which in view of the small funds of foreign exchange did not allow a large scale import of wanted goods and even affected the import of goods essential for warfare. These economic difficulties, in the opinion of the correspondent, must increase in the same proportion as the hitherto dilatory warfare will be developed into a large scale war.

The Case of the "Missing" Father Jacquinot

The mystery of the disappearance of Father Jacquinot, famous founder of a refugee zone in Shanghai, from the liner Empress of Japan, had not been entirely cleared up here by July 27. The *Shanghai Evening Post* first reported him missing when the ship docked here July 25. Subsequently, it was reported that a Shanghai friend had received a wire from him from Japan. Later, Father Verdier said he received a package from him, postmarked Nagasaki, and addressed in Father Jacquinot's handwriting. He was reported visiting a Catholic mission in that city. The priest was returning from a trip to the United States where he aided in China relief campaigns, and was reported to have left the vessel at Kobe to view Japan's flood areas.

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Men and Events

Dr. George Sellett, attorney, returned this week from a trip to Hongkong.

Baron Johan Beck-Friis, Swedish Minister to China, arrived in Shanghai this week from Hongkong.

Toyoichi Nakamura, Japanese Consul-General in Hongkong, has gone to Tokyo for a conference with officials of the Foreign Office.

Jiro Imamatsu, who has been appointed to the post of "Assistant Political Adviser" to the Peiping Provisional Government, departed from Tokyo on July 21 to assume his post.

A party of 30 German youths was scheduled to arrive in Tokyo on August 11 for a tour of the country. The object of the trip, conducted under official auspices, was to promote Japanese-German friendship.

The Chinese National Bar Association has elected Chen Yao-tung and Liu Lu-min, well known jurists as China's delegates to the International Bar Association Convention, scheduled to be held in Budapest, capital of Hungary, on September 8.

L. M. Pharis, Vice-President and General Manager of Shanghai Power Company, has returned to Shanghai from a trip to New York where he went last February. Mrs. Pharis, who preceded Mr. Pharis to the United States, also returned to Shanghai.

Carlos Orlando Dannenberg, British subject, was sentenced to one month's imprisonment for stealing a camel-hair overcoat and scarf from Dr. Coolidge, a Siamese physician. Dannenberg and Coolidge resided at the Yangtsze Hotel at the time of the theft.

According to a report in the Tokyo *Nichi Nichi* on July 8, the Japanese Showa Airplane Company, has aquired the patents for the production of planes similar to the Douglas transport planes in Japan. The report stated the planes would be manufactured on "mass-production basis."

The American Consular and Diplomatic services, heretofore operated separately, have now been consolidated into one organization, according to a *United Press* report from Washington on July 21. The combined service will be known as "The Foreign Service of the United States."

Yang Wen-lung, customs official who was kidnapped by the Japanese early in May because of his action in trying to prevent Japanese occupation of the Customs House, has been released and is now in Hongkong on his way to Hankow, according to a report in the *Ta Mei Pao* July 23.

Sir Arthur D. Blackburn, Chinese Secretary of the British Embassy in China, arrived in Shanghai this week from Hongkong. He will have charge of the British Embassy here in the absence of J. D. Greenway, First Secretary who departed this week for Hongkong and Hankow.

Charles S. Reed, 2d, who served as a consular official at Shanghai and other points in the Far East from 1928 to 1935, and recently as 3rd Secretary at the U. S. Legation at Belgrade, has been transferred to the American Embassy at Peiping. Mr. and Mrs. Reed are expected in Shanghai shortly on their way to Peiping.

The German Red Cross Commission, which has been in Hongkong for nearly five months directing the distribution of medical supplies which were contributed in Germany for relief in China, departed on July 25 for Germany. The Commission was headed by Fritz Trautmann, son of the late German Ambassador to China, and Dr. Podgurski.

The funeral service for the late Mrs. Lilian Katie Wilson was held at the Hungjao Road Cemetery on Thursday, July 21 with the Rev. Dean A. C. S. Trivett of the Holy Cathedral officiating. Mrs. Wilson died on Monday evening, July 18 of a heart attack. She is survived by a son John Richard Wilson, San Francisco and other relatives in Shanghai.

The *Shanghai Mainichi* (July 15) charged that the authorities of the French Concession were recruiting able-bodied men from the Chinese refugee camps to serve as policemen in the Concession, after three months training. This action, according to the *Mainichi*, had aroused great indignation among the Japanese because the people in the refugee camps are "anti-Japanese."

Alexi L. Nagi, formerly *Tass News Agency* representative in Tokyo, has been arrested in connection with some "purging" activity of the O. G. P. U., according to a report from Tsuruga published in the Tokyo *Nichi Nichi* on July 13. The reason, according to the report, was that Mr. Nagi was too closely associated with the former Soviet Ambassador Constantin Yureneff, who also, allegedly, has been arrested.

The Department of State issued a notice on July 23 that it could not transmit funds to relatives of American citizens residing in Europe, who were not American citizens. The notice was issued because the Consulate in Vienna had received funds from persons in the United States for transmission to distant friends and relatives in Germany. Such action on the part of consular officials was said to be illegal.

C. V. Hutchinson, described as an "unrecognized" Briton, was sentenced to jail for a year and a half by Judge Siao of the First District Court, on Tuesday, July 26, on a charge of receiving and selling stolen property. In addition, Hutchinson was fined $800. According to information brought out in Court, Hutchinson and his partner, a Japanese, were engaged in the "scrap-iron" business.

Loh Ping-chen, proprietor of a soft-drink parlor known as the Hollywood, located at 30 Route Orion, was sentenced to three months in jail for imitating the "frozen suckers" put out by Hazelwood, American ice cream concern owned by the Henningson Produce Company. The imitation confection was sold in wrappers which were so similar to those of the Hazelwood Company as to deceive customers.

The May-June issue of the *Chinese Christian Student*, widely circulated magazine in college circles in the United States, was devoted largely to accounts dealing with the life and accomplishments of the late Dr. Herman C. E. Liu, who was murdered by gangsters employed by the Japanese-supported Ta Tao Government in Pootung. A long article entitled, "China Loses a Great Leader," was written by Dr. J. W. Decker, Foreign Secretary of the American Baptist Foreign Mission Society.

A party of 29 school teachers from Canada and the United States is now touring Japan, North China and Manchukuo as the guests of Japan Culture Bureau and Board of Tourist Industry. In addition to visiting places of interest, the group attends lectures in the evenings dealing with the Sino-Japanese crisis and the political situation in the Far East. In addition to the teachers a group of some 50 American students is also being entertained in Japan.

Major-General Eugene Ott, German Ambassador to Japan, who had been home on furlough since his appointment last spring, arrived in Tokyo on July 21. Major-General Ott is supposed to have brought the instructions from Germany for the withdrawal of the German advisers to the Chinese Army. He met Dr. Oskar Trautmann, German Ambassador to China in Hongkong and shortly afterward the order was issued to withdraw the German advisers.

The Chinese paper *Wen Hui Pao*, referring to the round-the-world flight of the American aviator Howard Hughes, said that the flight would "mark the direct air-route from America to Soviet Russia" and would have far-reaching effects on the future of American-Soviet relations. The paper expressed the opinion that the United States and the Soviet Union "are recognized as the two great pillars of world peace and are a great stabilizing force in the Far East as well."

Weldon James, *United Press* correspondent who was aboard the U. S. S. Panay at the time that ship was bombed and sunk by Japanese war-planes on the Yangtsze near Nanking, recently narrowly escaped death in Spain where he is covering the civil war. He was traveling on a road near Jerica when Nationalist planes attempted to bomb and machinegun his automobile. James was forced to abandon the car and seek refuge in a cave until the planes disappeared. While in the Far East Mr. James was stationed in Nanking, Canton and at Manila.

The new Chaplain of the U. S. Fourth Marines, R. R. Marken, who arrived in Shanghai last week to relieve Chaplain Frank R. Hamilton, spoke at the Sunday morning service, July 24 on the subject, "The Take-Off. The service was held at the Grand Theater. Chaplain Marken was previously stationed at the Philadelphia Navy Yard and before that was attached to the Aircraft Carrier U. S. S. Lexington. He is a graduate of Drake University and before joining the Navy was pastor of the Capital Hill Christian Church of Des Moines, Iowa.

Grover Clark, formerly well known as a writer and publisher in the Far East, died at Charlottesville, Virginia, on July 18 at the age of 46 years. He is survived by his widow and two children. Mr. Clark was born in Osaka, Japan and received his education at Oberlin and Chicago universities. After teaching for two years in Japan, Mr. Clark went to Peiping where he first served as correspondent for *Christian Science Monitor*. Later he became publisher of *The Peking Leader*, an American paper which continued for several years. Mr. Clark returned to the United States several years ago to engage in the writing of books and magazine articles. For a time he contributed a survey of Far Eastern developments to *Current History*.

Richard Archbold of the American Museum of Natural History, who took off in his private Clipper Plane from San Diego, Cal., June 2, on a flight to Dutch New Guinea, has established his headquarters at the town of Hollandia where he is making preparations for a two-year expedition into the interior of that territory. His particular objectives are the Stone Age tribes which inhabit the area and jungles of uncatalogued plants. The plane in which Archbold and his crew of five flew to New Guinea is a specially built Consolidated flying boat, twin-engined sister ship of the U. S. Navy's latest bombers. It cost Archbold U. S. $250,000. In flying to New Guinea, Archbold and his companions took the route followed by the Trans-Pacific Clippers—San Diego-Honolulu-Wake Island-Midway-Guam-Manila.

L. T. Yuan, well known Chinese businessman, has joined the Municipal Council to fill a vacancy in the Chinese membership due to the resignation of William Gockson, who has gone to Hongkong. Mr. Yuan is a native of Ningpo and a graduate of St. John's University. For several years following his graduation he was a member of the faculty of the English Methodist College and pastor of the Methodist Mission at Ningpo. In 1912 he joined the Hankow-Canton-Szechuen Railway as General Manager, later resigning to become director of the English editorial section of the Commercial Press. In 1921 he was appointed manager of the Ningpo-Shaoshing Steam Navigation Co. He has been active in the affairs of the Chinese General Chamber of Commerce and the Y. M. C. A.

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New Books of Interest in the Far East

Fr. Francis Thery's Translations of Nanking Legal Decisions

L'Annee Judiciaire Chinoise—Jurisprudence of the Supreme Court of Nanking. Years 1935 and 1936. French translation and Chinese text—2 vol. in.80, by Francis Thery, Dean of the Faculty of Commerce, Hautes Etudes, Tientsin—Tientsin, Hautes Etudes, Race Course Road—Shanghai, Aurora University, 223 Av. Dubail—Kelly and Walsh—Paris, Sirey. Each volume, Mex.$6.00.

The study of modern Chinese law has become each year more necessary to Europeans residing in China. In spite of the fact that a few dispositions of the new codes ares lowly entering into the manners and customs of the country, nevertheless the courts of justice are increasingly putting them into force. Whence the importance of knowing the enormous work of jurisprudential adaptation which has been realied by the courts of justice. The codes have already been translated into English and French. Nevertheless such a translation rests insufficient, for the study of jurisprudence imposes itself on whomsoever whishes to know the rights which belong to him and the dangers which can threaten him in his transactions.

Father Francis Thery, eminent jurist who directs the collection "Le Droit Chinois Moderne," has devoted many years in the production of this indispensable work. This collection published both by the Hautes Etudes of Tientsin, and by the Aurora University of Shanghai, has just published its 29th and 30th volumes. These last two works present the French translation of the principal decisions of the Supreme Court of Nanking during the years 1935 and 1936. As in the preceeding volumes the Chinese text accompanies the French translation.

A short summary of a few important decisions will bring to better light the utility of the present work, which contains decisions concerning the responsability of tenants in case of fire; the liberty of commerce in spite of the opposition of the corporation of merchants; the responsability of the proprietor for the faults of his overseer; the irrevocability of donations; the realisation of wages on mortgage; the promise of sale; the oral testament; the responsability of members of a tacit society; the powers of managers etc. Special note must be made of decisions concerning the enforcement of obligations and also concerning the seizure of property, for as one knows, numerous complaints have been lodged concerning the difficulty or the impossibility of putting into force certain decisions.

In brief, these translations are indispensable to the European or American lawyer resident in China, as well as to the jurist who is interested in Comparative Law. Furthermore, the French language being an international tongue, these translations are the best means of making known abroad all the progress accomplished in China in recent years as regards juridical matters.

A. B.

League's Handbook

Handbook of International Organisations, series of League of Nations publication XII B4. 491 pages. Price 12/6. China agents: Commercial Press, Shanghai.

The League of Nations has published an English edition of the Handbook of International Organisations (one already published in French). The volume gives the names, addresses, names of officers, notes on finances, objects and activity, and other details of nearly 760 international organizations. Included are international bureaux placed under the direction of the League, official central bureaux and private associations and federations having international objects and not run for profit,

The organizations are classified according to their objects or activities, and there is a subject index, an alphabetical index and a georgaphical index. More than half of the international organizations have their headquarters in France and Switzerland. The Handbook should prove very useful to those engaged in international life.

M. V.

Aid to Tariff Revisions

Draft Customs Nomenclature, series of League of Nations publications, II B5. Vol. I, 135 pages, 6/-; Vol. II, 318 pages, 12/6. China agents, Commercial Press, Shanghai.

These two volumes on a draft Customs Nomenclature have resulted from the work of a committee of experts who have studied the problem for more than ten years. The object has been to attempt to secure a common nomenclature which could be used in all tariffs in all countries. The first volume contains the draft itself, the second explanatory notes. A monumental work, worked out on definite principles, which should be a boon not only to governments preparing tariff revisions, but to firms engaged in international trade.

M. V.

About Newton

Newton's Principia in 1687 and 1937, by T. M. Cherry. Melbourne University Press in association with Oxford University Press, 1/.

Dr. Cherry, professor of mathematics in the University of Melbourne, gave a lecture to commemorate the two hundred and fiftieth anniversary of the publication of Newton's *Philosophiae Naturalis Principia Mathematica*, in which he told of the circumstances which caused Newton to write his *Principia*, its contents, influence and significance at the present day. An amplified version has now been printed by the Melbourne University Press. Students of pure mathematics will be keenly interested in Professor Cherry's analysis of Newton's theories of dynamics and gravitation, which is masterfully rendered. Even the non-scientific intelligent reader will be interested in the discussion of Newton's theories and the influence the *Principia* has had on the world.

Einstein's special theory of Relativity is discussed, as is his account of gravitation. It is concluded that Einstein's theory is more closely knit than Newton's, since he holds there is only one absolute relation (interval) between any two events, and he makes fewer hypotheses. The non-technical definition of the Principle of Relativity, as given, is very simple: The laws of nature are absolute.

New Guide to U. S. A.

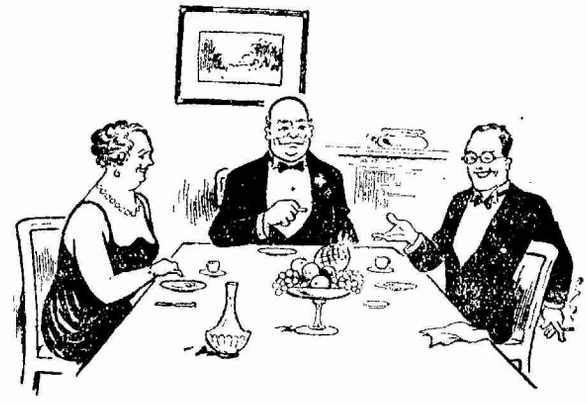
Guide to U. S. A., by Federal Writers Project WPA, 235 E. 42 Street, New York City.

This book, one-volume guide to the United States, is designed for American and foreign tourists (also for Japanese and Nazi spies), in that it constitutes the most comprehensive guide to the United States since the publication of Baedeker's Guide to U. S. A. in 1909. The book, 1,000 pages—500,000 words, contains highway, airplane, railway and water tours as well as descriptions of major recreation areas and points of interests of national importance. It also contains short chapters on American history, topography and climate, with cultural information as background for guide information. Also contains groups of recommended tons. Numerous illustrations, maps, plans of recreational areas.

B. J.

Cotton Piece Goods Released for Consumption

The Japanese Government has released for general consumption about Yen 118,000,000 worth of cotton piece goods, Tokyo reported July 23. Cotton piece goods valued at Yen 82,000,000 have been purchased by the Government for distribution among workers and peasants. The stock will be released periodically over a period of 12 to 24 months. Meanwhile a ban on new manufactures of cotton piece goods for home consumption is being rigidly enforced.



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Japan Drops Belligerent Tone Towards Soviets

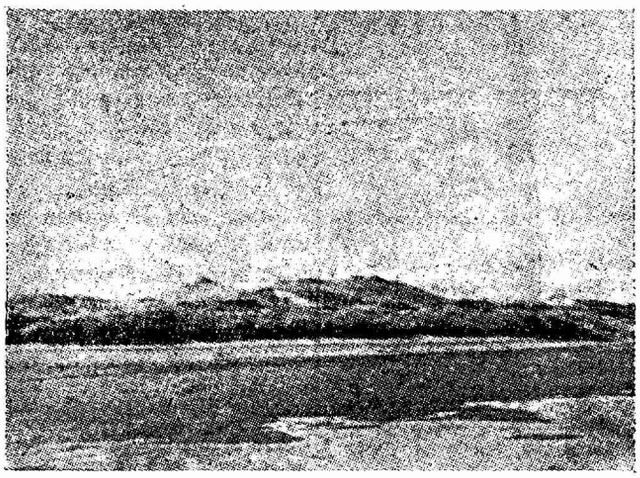
THE Soviet-Manchuria border continued to bristle with bayonets this week, although any anticipated major operations by either power did not materialize. Minor incidents of arrests and detention of messengers, and unconfirmed clashes were the sole sparks to keep aflame the possibility of war between Russia and Japan.

While responsible quarters in Washington saw the dispute over the Soviet's occupation of Changkufeng as a maneuver by the Soviets to regain prestige lost in the Amur river territorial squabble last year and an effort to relieve Japanese military pressure from Hankow, a Dairen report said the some units of the Soviet army have during the last few years moved their camps to the Changkufeng hills during the hot summer months. On previous occasions, the report said, Japanese took no steps to prevent this practice apparently because they regarded the valleys of the frontier region as unfit for settlement.

Washington, however, did not give much weight to the aid to China motive, believing that Russia was seeking to recover lost prestige while Japan is in a weakened condition. Last year, it was recalled, Japan forced Soviet naval and army forces to withdraw from disputed territory in the Amur area.

Britain Sees No Bloodshed

British government circles also are convinced that neither Japan nor the Soviet Union wants to fight at present and believe that the current dispute will be settled without bloodshed. Britain,



The territory over which Japan and Russia are at loggerheads. Here is pictured the Changkufeng area which Soviet troops have occupied.

however, did admit that it was virtually impossible to guage the accuracy of reported Soviet troops movements in Siberia because of the almost complete lack of reports from British intelligence agents who are unable to enter the area.

Japan's boisterous outcries on the Soviet occupation of the disputed area died down considerably following Moscow's rough rejection of their protests last week. This week, Tokyo adopted a more conciliatory tone, expressing "hopes for a settlement."

Moscow, itself, had little to say on the matter. But, according to the *United Press*, some 10,000 Red Army youths and athletes massed in Moscow's Red Square, had something to say. They stood before Dictator Stalin and shouted their readiness to teach Japan a "Bolshevik lesson." The Soviet youths challenged Japan's mention of the use of force in recent negotiations over the Changkufeng border dispute in Siberia and threatened to "teach Japan to respect our beloved Soviet power."

The occasion of the demonstration against Japan was the annual physical culture parade which required three hours to pass the reviewing stand. The parapet of Lenin's Tomb served as reviewing stand for M. Stalin, M. Maxim Litvinov, commissar for foreign affairs, General Voroshilov, commander of the Red Army, and other high Soviet officials.

Leaders of the Young Communist League addressed the youths, condemning Japan for threatening to use force against the Soviet Union and calling upon M. Stalin to permit the Soviet Army to meet all threats with force. "At the first sign of alarm," M. Alexander Kosarev, Young Communist League leader, said, "grant us the right to teach the enemy a Bolshevik lesson. Comrades, you have read the conversation between the Japanese ambassador and M. Litvinov. This Japanese diplomat is imitating the frog who sought to scare an ox. He thought he could scare us by mentioning armed force.

"We must teach the enemy to refer with respect and veneration to our beloved Soviet power. Certain representatives of foreign states have forgotten that the Soviet Union is not Manchukuo and that they cannot scare us because we are used to threats. We shall use force against force. Our Army, guided by General Voroshilov, is in full readiness."

Demonstration Protested

The Soviet's major display of ire, however, was in a protest sent to Tokyo against a demonstration in front of the Soviet Embassy last week in which a group of Japanese were alleged to have attempted to invade the building.

Two Japanese messengers, sent into Soviet territory last week, returned July 26 empty-handed. They brought no reply to a Japanese-Manchukuo note requesting the evacuation from Changkufeng. The Soviet commander at Novokievsk, according to press dispatches, sent no answer to the official note sent by the Manchukuo border defense headquarters. His silence caused Japanese considerable wonderment as to the necessity for keeping the Japanese messengers in Soviet territory since July 18, since their mission apparently accomplished nothing.

Many of Japan's military are of the opinion that a Russo-Japanese war is inevitable. Col. Masao Nakamura, who arrived in Moji recently after two years on the Soviet-Manchurian border, told newsmen that "The Red Army is determined to fight Japan sooner or later, although there seems to be a lack of agreement as to when. According to information I have at hand, there are 650,000 men and officers in the Far Eastern Red Army. However, the number would not mean very much, so long as their morale remains as it is. They may be a little stronger than the Chinese, because they are equipped with better arms. "In view of the situation, it is essential to eliminate the Chiang Kai-shek regime at the earliest possible date," he said:

Bluff, Says Newspaper

A section of the Japanese press scoffed at Russian maneuvers. The Changkufeng border dispute is a "usual Soviet trick characterized by bluff," the *Hochi*, leading Tokyo newspsaper, declared. "But the Moscow Government is in a class of its own and its future course cannot be judged by past examples," the journal stated. The daily urged the Government to be prepared for any eventuality.

The *Japan Chronicle*, British owned and managed paper at Kobe, in an editorial said there had been so many border disputes in the past three years that the latest one of a series is unlikely to create any particular uneasiness. "Neither the Japanese nor Soviet Government is likely to allow it to develop into a major issue. At the same time it is disconcerting to realize that the relations between the two Governments are subject at a moment's notice to the hazards of border affrays."

GENEVA PARADE

Western Mail and South Wales News, England.

"It is difficult for Japan," in the face of the evidence presented, to permit the continued Russian occupation of Changkufeng hill and whatever case the Moscow Government has for its claim it should, in all fairness, withdraw the patrol while continuing discussions," the journal stated. "After all, it was not until last week that the hill was regarded as sufficiently important to require military occupation," the paper concluded.

Fire Destroys Pootung Munitions Dump

An unknown quantity of Japanese ammunition and chemicals went up in smoke when fire destroyed a godown on the Pootung side of the Whangpoo across from the southern tip of Nantao July 23. Authoritative foreign sources claimed definitely that munitions and chemicals and not gasoline caused the dense cloud of smoke that hung over the Shanghai sky late on the night of July 23.

The Harbor Board's fire boat Poochi assisted in extinguishing the blaze but due to a Japanese regulation that permission must first be obtained from the Japanese naval authorities before the fireboat may proceed to a fire in territory under their control, the fire had raged for over an hour burning most of the wharf and godown before the Poochi arrived.

A JAPANESE EXPLAINS SOVIET "OUTRAGES"

(*Continued from page 279*)

year to employ several Japanese workmen for the repair work at the bases of the telephone posts in preparation for the approaching winter. Last year, however, the G.P.U. would not permit these workmen to come to Alexandrovsk along the telephone lines, for fear that they might have a full view from mountain ridges of the near-by villages en route. All negotiations failed to procure the necessary passport, while they would willingly issue it if the workers were Soviet Russians. The company would soon not have the services of these unreliable natives unless under strict Japanese supervision.

Summer days are very long in the North. When a day's work is done and the evening meal is over, the sun is still high in the mid-sky glaring hot. What could be a more agreeable pastime to a laborer, whether Japanese or Russian, than to lay aside his workshop clothes and stroll about in light attire on the beach? But this innocent and human recreation has recently become a rare privilege. A G.P.U. ordinance in reference to national border regions is here applied, and without an individual permit no one can stroll on the beach!

One fine April day a Japanese had taken a walk along the shore in an easy frame of mind and was about to return, when he was arrested by a G.P.U. officer and was taken to the station. He was indicted for having stepped a few inches out of the Japanese concession.

The "Unescapable Demons"

The Japanese business firms in North Saghalien share the same annoying experience in training their workmen, who will quit and go to the continent as soon as they get halfway used to the work—another instance of official interference. I have known many a man who, having a death in the family, had a grave constructed with a regular cross and was himself determined to be buried there. All of a sudden he, and many other, would be ordered to leave within 72 hours. They were given white bread and white sugar by the Japanese who treated them kindly as long as they worked hard, who would provide them with an ample outfit for protection against cold and who never imposed upon them unreasonable amount of work. If they had been earnest workers, the Japanese would be lenient in the matter of their holiday-making. So the Japanese establishments were the very heaven to work in. But there were unescapable demons: the Union and the Labor-Supervising G.P.U.

Hardworking natives are spotted by the authorities as being undesirable "hard-workers," "sympathetic with Japanese business and therefore capitalism"; they are accused of associating with Japanese and of believing in God. Threatened by the Union and the Party with these warnings and accusations, they unwillingly become neglectful of their work, and naturally enough their wages will decrease. It is understandable then why they sometime start demonstrations demanding higher wages. The Japanese concessionary companies are no longer the land of their hearts' desire that they were at the time of the companies' foundation.

Formerly, one was free to bring in a camera and take any photographs except for a few specified objects such as the May Day parade, buildings, coast-line, etc. Recently new regulations have been enforced which permit no unmarried man to bring a camera into Saghalien, forbidding all photographing outdoors. If anyone should attempt a snapshot in the open, he would be arrested on the spot by the spies who are on the lookout at every street corner, and would find himself in a terrible fix. Strangely enough, however, Russian dealers are free, and more than glad indeed, to sell Soviet-made cameras to Japanese at Alexandrovsk. Common sense does not seem to prevail in Soviet Russia.

"Even Children Don't Like Us"

In June, 1936, an Alexandrovsk paper printed an anti-Japanese article titled "German-Japanese Espionage Network" which had originally been published in the Pravda. Ever since then all Japanese are looked askance as potential spies. What few native workers there are who have been friendly with the Japanese are gradually alienating themselves, and would not so much as exchange greetings. Particularly uncomfortable is the way even children are spying on the goings and movings of the Japanese. Every step out of the beaten track—a skiing trip or a mountain climb—seems to get reported to the G.P.U. The Japanese skiiers and Alpine-clibers who have been arrested on false charges up to now all have met their misfortune thanks to these juvenile informers.

Most unbearable in the insulting attitude which mere children of seven or eight assume towards the Japanese. They will declare into your face that the Japanese are soon to be expelled from North Saghalien. They are taught that Japan is a second-rate nation while the Soviet Union is one of the major powers. At laborers' meetings (to which no Japanese is admitted) the talk of an imminent war with Japan is often heard, and the workmen are led to believe that the Soviet Union will revoke the rights conceded to Japan. One of the most spiteful expressions of such anti-Japanese sentiment was a humiliating poster showing a pig, symbolizing the Japanese, fossicking a garbage-bin, and a Red Army soldier trying to drive him away with a fixed bayonet.

N. Y. Supreme Court Vetoes Divorce Decree Given Here

The New York Supreme Court on June 28 refused to enforce the decree handed down by Judge M. J. Helmick of the U. S. Court for China, in which a "quick" divorce was granted Mrs. Walker, wife of the son of the late Standard Oil Company's manager. In its opinion, the Supreme Court stated that the U. S. Court for China, a court of limited jurisdiction, does not have jurisdiction over controversies which arise outside of China.

Although the marriage took place in China on February 4, 1932, the opinion continues, the parties left China two days later, and never lived together in China thereafter. Because it was apparent that the cause of action for a divorce could not have arisen in China, the opinion states that the U. S. Court for China accordingly had no jurisdiction over the subject matter of the controversy.

Local Lawyer's Comment

An American lawyer in Shanghai who is not acquainted with either the plaintiff or defendant in this case has furnished the *China Weekly Review* with the following commentary upon the decision of the New York Court.

An examination of the file of this case in the office of the Clerk of the United States Court for China discloses that Mrs. Walker, the plaintiff, is an American citizen born in Amoy, China, that she married Mr. Walker, an American, at Shanghai, February 4, 1932, that and plaintiff and defendant last lived together as husband and wife in Singapore. The file also discloses that at the time Mrs. Walker instituted divorce proceedings on December 31, 1934, she was a bona fide resident of China and that Mr. Walker was then in Shanghai, subject to the jurisdiction of the United States Court for China, that the summons was duly issued and the writ personally served upon him on that date, and that he entered no defense to the action.

The divorce was granted for a cause generally recognized as sufficient here, in the United States, and in other civilized countries. If the United States Court for China could not give the plaintiff relief in this case, it is clear that no other American Court anywhere could have done so. If the New York Court is right, then it would appear that it would be necessary for Mrs. Walker to go to Reno, or New York, and establish a six weeks' residence in Reno, or the longer required residence in New York, and thereafter apply for and be granted a divorce in a Reno or New York Court.

The absurdity of requiring Mrs. Walker to practice such deceit upon a Reno or New York Court is apparent, because in such case her residence would not be bona fide but solely for the purpose of obtaining a divorce. It is a generally recognized principle of American divorce law that the cause for divorce need not arise in the jurisdiction of the court granting the divorce. The hardship and absurdity of a contrary rule is apparent.

The particular judge who heard this case in the New York Supreme Court (which is a trial court and not the highest court in New York State) may never have heard of the United States Court for China until he had this case before him—and his decision, if correctly reported above, would indicate that he did not learn much about the law applicable to Americans in this jurisdiction while the case was before him. The jurisdiction of the United States Court for China is limited only in one respect, that is, the defendant must be an American, except in cases such as divorce where the adjudication of a status is involved in which event it is sufficient that either party be an American.

When this requirement as to parties before it is complied with, then there is no court within the territorial limits of the United States which has as broad jurisdiction as the United States Court for China because the United States Court for China has jurisdiction of all controversies over which American State Courts have jurisdiction and of all controversies over which American Federal Courts have jurisdiction. If the judge of the New York court had acquired even a casual familiarity with the decisions of the Ninth Circuit Court of Appeals or the Supreme Court of the United States, dealing with cases originating in the United States Court for China and other extraterritorial jurisdictions, he could not have fallen into the error of conceiving that the United States Court for China did not have jurisdiction to grant a divorce in a case where the cause arose outside of China.

Court Decision May Bar Higher Rents

The opinion that Shanghai native landlords would be unable to raise rents as the result of a decision handed down by the Second District Court recently was expressed by the chairman of the Shanghai Property Owners' Association July 21. "The decision," he told members at the annual meeting of the association, "has no doubt caused members serious concern. The matter was given wide publicity by the Chinese press and even though tenants are sub-letting and charging exorbitant rentals for one room and are making a profit by this sub-letting, no action appears possible on the part of the Chinese courts to prevent these abuses, which are unanimously condemned by landlords.

"If the court would take action to prevent these abuses," averred W. Mellor, the chairman, "it would be doing a far greater service to the community as a whole than by handing down judgments against landlords, such as the one I have already mentioned."